EMALAHLENI MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021 TO 2022/2023

FINAL TABLED ANNUAL BUDGET OF EMALAHLENI MUNICIPALITY

2020/2021 TO 2022/23 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **At the satellite and main office buildings of the municipality**

PART 1 – ANNUAL BUDGET COVER PAGE 1
1.1 INDEX 1
1.2 GLOSSARY 3
1.2.1 MAYOR'S REPORT 4
1.2.2 COUNCIL RESOLUTIONS 5
1.2.3 TARIFFS 9
1.3 EXECUTIVE SUMMARY 10
1.4 OPERATING REVENUE FRAMEWORK 18
1.5 OPERATING EXPENDITURE FRAMEWORK 20
1.6 CAPITAL EXPENDITURE 28
1.7 ANNUAL BUDGET TABLES 34
PART 2 – SUPPORTING DOCUMENTATION 39
1.8 OVERVIEW OF THE ANNUAL BUDGET PROCESS 54
1.9 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP 55
1.10 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS 52
1.11 OVERVIEW OF BUDGET RELATED-POLICIES 558
1.12 OVERVIEW OF BUDGET ASSUMPTIONS 63
1.13 Overview of budget funding 64
1.15 COUNCILLOR AND EMPLOYEE BENEFITS 66
1.16 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW 72
1.17 CAPITAL EXPENDITURE DETAILS 74
1.18 LEGISLATION COMPLIANCE STATUS 81
1.19 MUNICIPAL MANAGER'S QUALITY CERTIFICATE 82
..... 86

List of Tables

Abbreviations and Acronyms

BPC	Budget Planning Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Final Approved Annual Budget

1.1 Mayor's Report

The purpose of this report is to present to Council the Final Annual Budget for the 2020/2021 financial year.

LEGISLATIVE BACKGROUND

Section 16 of the MFMA requires (1) the Council of a municipality to approve an annual budget for each financial year before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

Section 17 of the MFMA gives guidance on the content of an annual budget and prescribes that a municipal budget must

- Set out realistically anticipated revenue projections for the year from each revenue source;
- Appropriating expenditure for the budget year under the different votes of the municipality;
- Set out indicative revenue per revenue source and projected expenditure per vote for the two financial years following the budget year
- The proposed cost to the municipality for the budget year of the salary, benefits and allowances

Section 18 of the MFMA further gives guidance on the funding sources for municipal expenditure and may only be funded from

- realistically anticipated revenues to be collected
- cash backed accumulated surplus funds from previous years' surpluses not committed for other purposes
- borrowed funds but only for capital budget

Municipal Budget Circulars for the 2020/2021 MTREF: MFMA Circular 98 - 102

DISCUSSION

Budget Circular 99 clearly highlights the difficult economic and fiscal choices confronting government over the next several years. Therefore, Municipalities therefore need to exercise caution when they prepare their 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudency.

The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue. Municipalities are therefore advised to follow a conservative approach when projecting their revenue and to eliminate any waste and unnecessary expenditure. Importantly, municipalities should ensure that they adopt realistic and funded 2020/21 MTREF budgets, collect the debts owed to them and pay their creditors within 30 days of receipt of invoice.

The Circular further requires all municipalities to consider the following when preparing the 2020/21 budget:

- Local government grants and municipal revenue strength
- Changes to local government allocations
- Response to the Finance and Fiscal Commission (FFC)'s recommendations
- Building capacity for infrastructure delivery
- Development charges reforms

Budget Circular 93 states that municipalities are now required to *justify all increases in excess of the 6 per cent* projected inflation target in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Budget Circular 99 gives guidance on the Eskom Bulk Tariffs increases, subsequently to the issue of the Circular, NERSA has pronounced on the recommended tariff increase for 2020/21.

Maximising the revenue generation of the municipal revenue base.

Municipalities must comply with Section 18 of the MFMA and ensure that they fund their 2020/2021 MTREF budgets from realistically anticipated revenues to be collected. Subsequently, municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this has been identified as a fundamental reason for municipalities in financial distress.

In cases where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented

Given the scarce financial resources and intention of having a funded budget for the 2020/2021 financial year, the BTO had to take its tune from these stipulations and base its revenue budget only on realistically anticipated revenue sources and as at the current moment the unlimited expenditure budget far exceeds the available income budget.

The Total realistically anticipated Operating Revenue budget forecasted amounts to

R51.964 million excluding transfers recognised. This amount is slightly lower when compared with the 2019/2020 Adjusted budget currently been implemented that amounted to R 52.643 million.

Grants

Operating Grant Income is R148.749 million which constitutes 74% of the total operating revenue budget whilst own revenue constitutes only 26% of the final budget.

Own Revenue

The Municipality has budgeted all its revenue based on realistically anticipated estimates keeping the requirements of Circular 93 in mind.

EXPENDITURE

An exercise to cut the total expenditure budget in line with the revenue budget has been undertaken and is currently estimated at R 200.714 million resulting in an R1,9 million surplus before capital transfers .

Employee related costs including Councillor allowances now represent 55% of operational expenditure for 2020/2021, stays at 55% in 2021/22 and to 56% in 2021/22 which is above NT maximum threshold of 40%.

General expenditure: An approach to either cut expenditure or keep it in line with prior year budget has been taken, however no further cuts could be made without crippling the municipalities ability to operate and being able to deliver services to the community. The project expenditure has been aligned to the SDBIP for 2020/21 in line with the mSCOA regulations, therefore where previous projects have been concluded / reprioritized, there has been no budget allocated.

Below is a Summary of the 2020/2021 Draft Budget as contained in A1 of the Budget.

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges	14 799	13 585	22 229	23 342	27 943	27 943	–	26 687	28 021	29 422
Investment revenue	2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Transfers recognised - operational	132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other own revenue	9 247	8 861	10 914	12 568	16 703	16 703	12 202	14 320	15 035	15 787
Total Revenue (excluding capital transfers and contributions)	162 580	150 594	160 097	179 517	191 355	191 355	152 356	200 714	208 665	214 642
Employee costs	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Remuneration of councillors	11 185	12 466	13 003	14 070	13 931	13 931	13 931	14 749	15 487	16 261
Depreciation & asset impairment	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Finance charges	1 363	1 713	1 586	271	271	271	271	280	294	309
Materials and bulk purchases	12 948	12 932	11 692	18 837	16 374	16 374	2 482	18 721	18 001	18 819
Transfers and grants	14 584	4 301	10 946	230	195	195	–	–	–	–
Other expenditure	59 058	63 003	68 118	43 137	51 714	51 714	6 000	51 855	55 939	54 248
Total Expenditure	185 877	190 724	210 014	196 918	185 366	185 366	22 683	198 814	208 590	214 541
Surplus/(Deficit)	(23 297)	(40 130)	(49 917)	(17 400)	5 989	5 989	129 673	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	26 170	33 666	42 557	31 848	31 848	31 848	31 848	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Capital expenditure & funds sources										
Capital expenditure	–	–	43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Transfers recognised - capital	–	–	39 790	32 198	32 738	32 738	32 738	31 653	34 174	17 710
Borrowing	–	–	167	–	–	–	–	–	–	–
Internally generated funds	–	–	3 764	2 716	2 070	2 070	2 070	1 900	1 390	651
Total sources of capital funds	–	–	43 721	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Financial position										
Total current assets	45 437	18 537	25 525	182 840	15 162	15 162	18 936	36 056	54 517	65 084
Total non current assets	416 678	431 619	441 872	490 549	452 211	452 211	452 211	449 947	464 877	484 777
Total current liabilities	41 379	30 591	47 532	66 755	42 860	42 860	42 860	30 533	30 122	30 045
Total non current liabilities	6 878	11 599	13 726	14 800	17 751	17 751	17 751	13 900	14 950	16 000
Community wealth/Equity	414 858	407 967	411 033	343 991	463 225	463 225	445 770	441 570	474 322	503 816
Cash flows										
Net cash from (used) operating	21 911	29 727	27 759	34 716	60 198	60 198	60 198	48 547	49 438	44 759
Net cash from (used) investing	(36 844)	(36 641)	(43 928)	–	22 000	22 000	22 000	(33 553)	(35 564)	(37 351)
Net cash from (used) financing	(353)	(353)	(369)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	13 134	5 866	(10 672)	34 716	82 198	82 198	82 198	20 494	34 368	41 767
Cash backing/surplus reconciliation										
Cash and investments available	13 134	5 866	4 145	88 321	3 527	3 527	7 300	20 495	34 372	41 775
Application of cash and investments	4 852	4 444	13 528	(2 730)	7 624	7 624	(19 432)	(8 860)	(13 855)	(17 323)
Balance - surplus (shortfall)	8 282	1 422	(9 384)	91 051	(4 097)	(4 097)	26 733	29 355	48 227	59 098
Asset management										
Asset register summary (WDV)	–	–	441 872	489 476	451 222	451 222	451 222	449 947	464 877	484 776
Depreciation	–	–	24 223	24 256	24 256	24 256	24 256	19 384	20 353	21 371
Renewal and Upgrading of Existing Assets	–	–	22 283	22 602	23 951	23 951	23 951	31 153	34 174	24 090
Repairs and Maintenance	–	–	3 431	5 597	4 081	4 081	4 081	3 420	7 758	7 698
Free services										
Cost of Free Basic Services provided	–	–	191	4 900	4 900	4 900	5 390	5 390	5 654	5 937
Revenue cost of free services provided	–	–	2	1 050	1 780	1 780	1 958	1 958	2 054	2 156
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Capital expenditure budget

The Capital expenditure budget is currently R33.053 million. The MIG budget allocated is

R 31.653 million. The internally funded capital budget for acquisition of property, plant & equipment is set at R 1.900 million. The internal capital budget is for the acquisition of moveable assets like computer equipment and motor vehicles.

Funded status of the Budget and new budget requests.

The budget is currently a funded budget with R1.900 million surplus left at year end as contained in Table A8.

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	(164 185)	34 716	82 198	82 198	-	35 576	103 294	159 191
Other current investments > 90 days		-	-	168 329	53 605	(78 671)	(78 671)	-	2 593	(44 956)	(100 853)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	4 145	88 321	3 527	3 527	-	38 169	58 338	58 338
Application of cash and investments											
Unspent conditional transfers		-	-	-	1	788	788	-	0	0	0
Unspent borrowing		-	-	-	-	-	-		-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	25 525	10 924	9 221	9 221	-	10 977	10 575	10 850
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	25 525	10 925	10 010	10 010	-	10 978	10 575	10 850
Surplus(shortfall)		-	-	(21 381)	77 396	(6 483)	(6 483)	-	27 192	47 763	47 488

FACTORS THAT WERE CONSIDERED IN FINALISING PREPARATION OF ANNUAL BUDGET

- Any applications or confirmation of funding/grants to be received by directorates to be considered in the annual budget.
- All Provincial and District allocations recognised in the Draft Budget are to be supported by allocation letters before final Budget is tabled or they will be removed from the Budget.

1.2 Council Resolutions

The Council approves and takes the following resolutions for the final annual budget (MTREF) of 2020/21 financial year:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

1.1. The final annual budget of the municipality for the financial year 2020/2021 and the multi-year and single-year capital appropriations as set out in the following tables:
   1.1.1. Budget Summary reflected in Table A1
   1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
   1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;

1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
1.2.1. Budgeted Financial Position reflected in Table A6;
1.2.2. Budgeted Cash Flows reflected in Table A7;
1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
1.2.4. Asset management in Table A9; and
1.2.5. Basic service delivery measurement reflected in Table A10.

2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2021:

ELECTRICITY - AS PER NERSA GUIDELINES		
HOUSE HOLDS		
Indigents Prepaid		
Block 1 - 0 - 50 Kwh	1,09	1,16
Block 2 - 51 - 350 Kwh	1,38	1,46
Block 3 - 351 - 600 Kwh	1,82	1,93
Block 4 - > 600 Kwh	2,15	2,28
Domestic Conventional & Prepaids - Single Phase		
Block 1 - 0 - 50 Kwh	1,09	1,16
Block 2 - 51 - 350 Kwh	1,38	1,46
Block 3 - 351 - 600 Kwh	1,87	1,99
Block 4 - > 600 Kwh	2,20	2,34
Domestic Conventional & Prepaids - Three Phase		
Block 1 - 0 - 50 Kwh	1,45	1,54
Block 2 - 51 - 350 Kwh	1,58	1,68
Block 3 - 351 - 600 Kwh	1,92	2,04
Block 4 - > 600 Kwh	2,20	2,34
COMMERCIAL		
SMALL ≤ 3 500 Kwh		
CONVENTIONAL SINGLE PHASE		
Basic Charge /month	460,88	489,55
Energy charge: kWh	1,77	1,95
CONVENTIONAL THREE PHASE		
Basic Charge /month	904,31	960,56
Energy charge: kWh	1,69	1,86
Prepaid - Single phase	2,27	2,44
Prepaid - Three phase	2,30	2,44
LARGE > 3 500 Kwh		
Basic Charge /month	909,74	966,33
Energy charge: kWh	1,00	1,10
Demand: R/kVA	236,43	251,14
DEPARTMENTAL/STREET LIGHTNING		
@ COST		
TEMPERING PENALTIES		
1ST OFFENCE	1 950,00	5 000,00
2ND OFFENCE	3 750,00	10 000,00
RE-CONNECTION FEE - TEMPERING	4 600,00	5 000,00
RE-CONNECTION FEE - CREDIT CONTROL		
Domestic	390,00	410,00
Business/Commercial	721,00	761,00
Government	1 110,00	1 171,00
NEW CONNECTIONS		
Domestic - Single Phase	1 060,00	1 111,94
Business	1 993,00	2 090,66
Business/Commercial (100 Kva)	6 005,00	6 299,25
Business/Commercial - Three Phase (50 Kva)	15 320,00	16 070,68

2.1. These electricity tariffs are subject to approval by NERSA. Guidelines have been issued by NERSA with the threshold that stipulates that municipalities may increase electricity tariffs within 6.22%.The other service charges have been set at rates that are cost reflective and were benchmarked with municipalities of the same size.

3. The Council of Emalahleni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020 the tariffs for other services, as set out in the attached budget

	19/20 Excl Vat	20/21 Excl Vat
ASSESSMENT RATES		
Residential	0,0072	0,0079
Undeveloped land/Vacant land	0,0072	0,0079
Business	0,0107	0,0118
Government	0,0107	0,0118
Agriculture/Farms	0,0018	0,0020
Public Service Infrastructure	0,0000	0,0000
Public Benefit Organisation	0,0018	0,0020
Munipal properties	0,0000	0,0000
Insufficient data	0,0000	0,0000
Indigent subsidy 100% of rates amount		

SMALL-SCALE EMBEDDED GENERATION (SOLAR ENERGY)		
HOUSE HOLDS		
IMPORT TARIFF		
Network and service charge	135,68	149,25
Energy charge: kWh	1,09	1,19
EXPORT TARIFF		
Export tariff	0,79	0,87
COMMERCIAL		
SMALL - SINGLE PHASE		
IMPORT TARIFF		
Network and service charge	587,96	646,76
Energy charge: kWh	1,76	1,94
EXPORT TARIFF	0,00	0,00
Export tariff	0,79	0,87
SMALL - THRE PHASE		
IMPORT TARIFF		
Network and service charge	10,61	11,67
Energy charge: kWh	1,70	1,87
EXPORT TARIFF	0,00	0,00
Export tariff	0,79	0,87
LARGE BUSINESS		
IMPORT TARIFF		
Network and service charge	1 008,58	1 109,44
Monthly demand charge: kVa	236,32	259,95
Energy charge: kWh	1,00	1,09
EXPORT TARIFF		
Export tariff	0,79	0,83

REFUSE REMOVAL		
Domestic consumers (once per week)	120,57	132,63
Commercial consumers (once per week)	258,05	283,85
Commercial consumers (two times per week)	565,60	622,16
Government consumers (once per week)	1 147,55	1 262,30
Indigents	120,00	132,00
Subsidy - 100%	120,00	132,00
Effective charge	0,00	0,00
Special refuse collection	350,00	369,25
Special refuse collection - Government and Commercial	400,00	422,00
Collection of garden refuse	350,00	369,25
Clearing of Vacant Plots	597,00	629,83
Tree felling - inside yard per tree	3 630,00	3 829,65
Tree Pruning - Inside Yard (per tree)	1 915,00	2 020,33
Building rubble - per load	372,00	392,46
Disposal of General Waste at Landfill Site	338,00	356,59
Disposal of Condemned Waste (per m^3) plus special collection fee/Disposal fee	202,00	213,11
Grass Cutting - inside the yard - Residential	620,00	654,10
Grass Cutting - inside the yard - Governament and Commercial	916,00	966,38

HALL RENTALS		
CATEGORY 1: ENTERTAINMENT		
Town Halls*	637,00	668,21
Village Halls*	160,00	167,84
Library Halls*	160,00	167,84
Kitchen (Dodrecht)*	175,00	183,58
CATEGORY 2: NON PROFIT PURPOSES		
Town Halls*	560,00	587,44
Village Halls*	141,00	147,91
Library Halls*	141,00	147,91
Kitchen (Dodrecht)*	175,00	183,58
CATEGORY 3: MEETINGS & FUNERALS & PRIZE GIVINGS & SCHOOL EVENTS		
Town Halls*	402,00	421,70
Village Halls*	100,00	104,90
Library Halls*	100,00	104,90
Kitchen (Dodrecht)*	175,00	183,58
1. A refundable fee is R 555.00 for Town halls if not damages to property.		
2. A refundable fee is R 245.00 for Village halls if no damage to property.		
*** Sundays & Public Holidays - 2 x daily rate**		

POUND FEES		
RATES OF MILEAGE		
For all animals going to the pound whether one or more per Km or portion of Km	18,63	19,54
For animals transported by vehicle - per km or portion of a km	23,26	24,40
TRESPASSING FEES		
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	186,24	195,37
Sheep and Goats p/head	139,69	146,54
POUND FEES		
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	139,69	146,54
Sheep and Goats p/head	108,56	113,88
SUSTENANCE FEES		
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	217,28	227,93
Sheep and Goats p/head	139,69	146,54
FEES FOR ANIMALS		
- to be seperately herded:		
For every stallion, horse, mule or bull p/day	186,24	195,37
For every boar, ram, goat or other seperated animals p/day	155,20	162,81
COMMONAGE FEE		
Per animal head p/month	23,64	24,80
HERDING FEES		
Per animal head p/month	84,00	88,12
CALL OUTS		
18:00 to 06:00 and over weekends per call out to impound animals (payable by the owner of the animal)	869,10	911,69
CEMETERY CHARGES		
INDWE - Site only	139,00	145,81
- Digging	637,00	668,21
DODRECHT - Site only	139,00	145,81
- Digging	637,00	668,21
LADY FRERE - Site only	147,00	154,20
Exhumation	1 306,20	1 370,20
Wall of Remembrance	465,30	488,10
ACCOMODATION: INDWE RESORT		
Rondavels - Chalets per day	327,00	345,00
Igloo per day	139,00	147,00
Entrance fee per day	40,00	42,00
Refundable fee per day	205,00	215,00
SPORTS FIELDS		
Stadium per day - Sports Activities	490,28	514,31
Stadium per day - Non-Sports Activities	980,56	1 028,61
Holding Deposits	1 512,87	1 587,00
Flood Lights per hour	83,35	87,43
RENTAL OF MUNICIPAL BUILDINGS		
payable p/month OR as per agreement		
House Tenants (Residential purposes)	Rental tariffs to be provided per property per year as per agreement	
NGO's, Service providers and Companies		
Government Departments		

BUILDING PLANS		
Calculated per square meter (less than 60 m²)	554,93	582,12
Residential Dwellings	9,43	9,90
Out buildings (Residential)	11,65	12,22
Residential alterations	8,32	8,73
Flats	43,84	45,99
Commercial dwellings (Shops)	33,63	35,28
Commercial dwellings (Taverns)	56,37	59,13
Offices	33,63	35,28
Churches	20,17	21,15
Carports	30,03	31,50
Mobile Network Stations (Rate per number)	6 632,72	6 957,73
Septic tanks (rate per m³)	28,30	29,69
Erection of Hoardings (rate per meter)	11,65	12,22
Building inspection fee (Complete inspection)	443,94	465,70
Property Rates Clearance Certificate	116,54	122,35
Encroachment fees: per m² Residential	389,86	408,97
Encroachment fees: per m² Business	467,83	490,75
ADMINISTRATIVE CHARGES		
PHOTOCOPIES AND FAXES		
Photocopies		
A4(per sheet)	1,96	2,05
A3(per sheet)	2,94	3,09
Faxes		
Local	8,18	8,58
National	10,92	11,46
International	10,92	11,46
Tender Documents	163,53	171,54
Note : that Tender documents will depend on the number of pages.		
OTHER TARIFFS		
LIVESTOCK BRANDING		
Cattle	8,70	9,20
Sheep	5,00	5,30
PLANT HIRE		
TIPPER TRUCK	686,40	724,00
GRADER	1 225,71	1 293,00
BACKACTOR	490,28	517,00
SMOOTH DRUM ROLLER	686,40	724,00
WATERCART	719,09	759,00
NOTES		
1. The plant rates are hourly rates.		
SAND PER LOAD		
Bakkie	251,90	264,25
4 ton truck	1 148,69	1 204,98
6 ton truck	1 723,04	1 807,47
8 ton truck	2 297,38	2 409,95

TRAFFIC SERVICES		
Patrol vehicle per Hour	15,00	15,74
Traffic Officer per hour (Mondays to Thursdays)	135,00	141,62
Traffic Officer per hour (Sundays and Public Holidays)	160,00	167,84
Vehicle Pound fee for Public Transport impounded for operating at an illegal Rank		2 000,00
Vehicle Pound storage fee per night per- motor vehicle		350,00
Penalty for operating an illegal car wash		1 500,00
Penalty for failure to produce permit- informal trader		200,00
Penalty for failure to produce permit- formal business		2 000,00
Trading in a restricted or prohibited zone- street trader/ hawker		50,00
Penalty for urinating in public other than designated facility		100,00
Penalty for drinking alcohol in public		200,00
BUSINESS LICENSES: ALL UNITS - ANNUAL		
Business licenses - Hawkers	45,00	47,21
Small Commercials	1 867,35	1 958,85
Large Commercial	3 734,70	3 917,70
Apllication fee for businesses	158,25	166,00
Duplicate business license issue	126,60	132,80
SIGNAGE		
Free standing Signage		
Sign boards: small size	1 007,75	1 057,13
Sign boards: medium size	1 701,64	1 785,02
Tower: Small size (Not exceeding 80 m^2)	2 016,39	2 115,20
Tower: Large size (Exceeding 80 m^2)	2 421,27	2 539,91

LAND USE APPLICATIONS		
CATEGORY 1 - LAND DEVELOPMENT APPLICATIONS		
Amendment of an application		
- If already approved by the Municipality	Same as tariff of new application	Same as tariff of new application
- If not approved by the Municipality	10% of tariff of new application	10% of tariff of new application
Phasing / cancellation of approved layout plan	1 474,22	1 555,31
Rezoning:		
(a) Advertising fees	2 585,68	2 712,37
(b) Erven 0 – 2500m ²	925,44	970,79
(c) Erven 0 – 2500m ²	1 850,88	1 941,57
(d) Erven 5001 – 10 000m²	7 762,58	8 142,95
(e) Erven 1h – 5h	10 348,25	10 855,32
(f) Erven 1h – 5h	12 935,78	13 569,63
Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title deed	388,68	407,73
Amendment or cancellation of a general plan of a township	1 624,14	1 703,73
Subdivision of land:		
(a) Basic Fee	740,35	776,63
(b) Change per subdivision (Remainder considered a subdivision)	46,27	48,54
(c) Subdivisions into more than 80 erven (Township Establishment)	11 705,87	12 279,46
Permanent closure of a public place - per closure	491,41	515,49
Development on communal land	1 936,02	2 030,88
CATEGORY 2 - LAND USE APPLICATIONS		
Subdivision of land provided for in land use scheme or town planning scheme	482,15	505,78
Subdivision of land	482,15	505,78
Consent use	925,44	970,79
The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	573,77	601,89
Departures:		
(a)Advertising fee for departures	2 538,48	2 662,86
(b) Erven smaller than 500m²	240,61	252,40
(c) Erven 500 – 750m²	455,32	477,63
(a) Erven larger than 750m²	925,44	970,79
Occasional use: other rights	712,59	747,50
Material amendments to original application prior to approval / refusal		
MISCELLANEOUS FEES		
Extension of validity period of approval	740,35	776,63
Certificates:		
(a) Zoning certificate - per certificate	92,54	97,08
(b) Any other certificate - per certificate	92,54	97,08
Public hearing and inspection	3 221,45	3 379,30
Reason for decision of municipal planning tribunal, land development officer or appeal authority	1 174,38	1 231,93
Re-issuing of any notice of approval of any application	237,84	249,49
Deed search and copy of the title deed	150,85	158,24
Public notice:		
(a) Public notice and advertisements in the legal section of the paper	1 474,22	1 546,46
(b) Public notice and advertisements in the body of the paper	2 654,16	2 784,21
Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)	2 321,93	2 435,70
Any other application not provided for elsewhere in this schedule of fees	3 221,45	3 379,30
COPIES		
Spatial Development Framework:		
(a) Hard copy - per region	161,00	168,89
(b) In electronic format - per region	75,90	79,62
Copy of land Use Scheme or town Planning scheme (Scheme Book)	371,00	389,18
Scheme Regulations - per set	617,27	647,51
Search fees - per erf	25,00	26,23
Diagrammes - per diagramme	25,00	26,23

4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2020/2021 :

    - Property Rates policy
    - Budget Policy
    - Tariff policy
    - Indigence Policy
    - Credit control and Debt collection
    - Cash Management and Investments policy
    - Asset and Disposal Management policies
    - Funding and Reserve policy
    - Debt and Borrowing policy
    - Virements policy
    - Petty Cash Policy
    - Supply Chain Management policy

5. To give proper effect to the municipality's annual budget, the Council of Emalahleni Municipality approves:

    That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during the period immediately after the municipality's Adjustments Budget from March 2020 to May 2020 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main items identified by the municipal wide strategic planning exercise can be summarised as follows:

- Improved service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;

- Delegation- and procedure manuals;
- Risk management;
- Improved planning and beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2020/2021 financial year limited provision was made for the implementation of the business plans due to the shrinkage of the fiscus and available budget. The South African Nation and the world at large has faced the most daunting Challenge during this period , that of the Corona virus pandemic , which has made all the well laid out plans void and presented us with unforeseeable and unavoidable expenditure through numerous circulars to counter and slow down the spread of the virus across the nation , necessitating the procurement of protective masks , gloves and sanitisers that had previously not been catered for in the municipality's already stretched and lean budget .
The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 71, 82, 93, 94, 98 and 99 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2020/2021 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is not in a healthy financial position, it therefore needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. The municipality is striving to establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2020/2021 MTREF:

- The 2019/2020 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/2021 budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full;

In view of the afore mentioned, the following table is a consolidated overview of the proposed 2020/2021 Medium-term Revenue and Expenditure Framework:

Total operating revenue has increased by 5% for the 2020/2021 financial year when compared to the 2019/2020 Adjustments Budget. For the two outer years, operational revenue will increase by 4% and 3% respectively for the outer years. The main reason for the fluctuation in revenue is the decrease or increase in operational transfers.
Total operating expenditure for the 2020/2021 financial year has been appropriated at R200.714 million and translates into a R1.9 million operating surplus before capital transfers.
The capital budget of R 33.553 million for 2020/2021 shows a decrease of R1.255 million when compared to the 2019/2020 Adjustment Budget. This is due to the decrease in the MIG allocation for 2020/2021 of R1.085 million and then in 2021/22 increases to R34.174 million in 2021/2022.

The municipality has R1.9 million internally funded capital projects for the 2020/2021 financial year and for the outer years R1.390 million and R651 000 available for the financing of internally funded capital projects. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue Management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.
The municipality strives to project realistic revenue projection as required by the MFMA. To achieve this requirement the municipality used the 2 prior year actual collections and the current half year collections to forecast the revenue budget for the 20202021 MTREF period. The municipality further used actuals billable property and debtor numbers to accurately forecast budget figures for property rates and refuse collection figures. All other applicable expectations and assumptions are also applied per revenue source.
The municipality is in the process of re-establishing an inter-directorate revenue enhancement steering committee which will mainly focus on the following key activities:

- ❖ Identify revenue leakages and propose prompt remedial actions
- ❖ Improve customer care management
- ❖ Conduct quarterly stakeholder engagement on municipal IDP activities with the view of encouraging community participation which is anticipated to improve payment of municipal services.

Property Rates
Property rates revenue is projected based on an actual calculation of the number of billable properties multiplied by the proposed tariff per property category. The proposed property rates tariff

increase is 10%. This increase would see the current adjusted budget figure increase by this percentage from R8.334 million to R9.167 million.

Electricity services
This revenue source is driven by consumer demand. The municipality has observed a slight reduction in the demand as tariffs increases and electricity losses persist which has caused a slight reduction in the electricity revenue collected. There is also an indication that the adjusted budget figures had been over projected and this budget seeks to realign this projection to more realistically collectable levels. This has resulted in the budget figures not necessarily reflecting the proposed tariff increases. The proposed tariff increase of 6.22% is based on NERSA guidelines.

Refuse
The refuse revenue projections have been based on the number of billable debtor accounts as per category. This number of debtors are affected by the data cleansing exercises that the municipality is constantly engaging in that can cause a reduction or an increase in number of debtors to be billed. The refuse tariff will increase by 10% when compared to the 2019/2020 financial year.

Agency Services
Agency fees revenue has decreased in the 2021 financial year compared to the 2 prior years. The municipality has considered the 2 prior year actuals when projecting the revenue and this resulted in an above CPI increase when compared to the adjustment budget.

License and Permits
A new motor vehicle testing station (MVTS) will be commissioned in the 2020/2021 financial year and this will provide new revenue for the municipality. This new revenue will consequently cause an above CPI increase from the 2019/2020 financial year to the 2020/2021 and subsequent financial years. An above 100% increase in revenue is projected under this revenue source.

Rental facilities and Equipment
This revenue source is affected by the expiration of lease agreements/rental agreements. The municipality is currently in the process of looking at expired lease agreements with the hope of signing new collectable agreements that will in the medium term again increase the revenue from the municipal rental income. This presents a municipality with an opportunity to leverage more revenue as the lease agreements will be based on market related rentals and be fully in compliant with the provisions of the MFMA.

Interest Earned on Outstanding Debtors
The municipality proposes that an interest charge freeze be effected for all debtors who enters into a repayment agreement with the municipality and honours such an agreement as the municipality gears itself for vigorous debt collection processes in the medium term. This revenue source has subsequently been adjusted to accommodate the possible reduction in interest charges in the medium term.

Fines and Penalties
The current year collections for penalties was above average collection when compared with the 2 prior years. This trend is not necessarily sustainable and as such the municipality had projected a more averaged budget for the 2020/2021 financial year to cater for above average achievement in the current year and this resulted in a significant reduction in budget when compared with the adjustment budget figures.
The municipality is in the process of recruiting additional traffic officers which should result in increased capacity in law enforcement activities, which will have a positive effect to this revenue line item.

Other Revenue

The 2019/2020 adjusted budget included an amount of about R 2.5 million that was projected to be collectable from the new Motor vehicle testing station that was under construction during the year and was incorrectly included under other revenue as opposed to licensing revenue. The testing station has been finished but is anticipated to be commissioned in the new financial year and a budget to this effect has been provided under licensing income.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look to revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were used to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improve percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 4.9%
per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2020/2021 MTREF (classified by main revenue source):

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges	14 799	13 585	22 229	23 342	27 943	27 943	–	26 687	28 021	29 422
Investment revenue	2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Transfers recognised - operational	132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other own revenue	9 247	8 861	10 914	12 568	16 703	16 703	12 202	14 320	15 035	15 787
Total Revenue (excluding capital transfers and contributions)	162 580	150 594	160 097	179 517	191 355	191 355	152 356	200 714	208 665	214 642

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the

operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges - electricity revenue	2	11 023	10 101	14 097	16 355	19 093	19 093	–	18 391	19 311	20 276
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3 777	3 433	8 133	6 987	8 850	8 850	–	8 295	8 710	9 146
Rental of facilities and equipment		727	813	894	1 468	1 468	1 468	1 468	949	996	1 046
Interest earned - external investments		2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Interest earned - outstanding debtors		4 709	4 854	5 284	6 127	6 889	6 889	6 889	5 435	5 706	5 992
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		116	9	9	115	399	399	399	202	212	222
Licences and permits		1 073	1 638	1 745	1 514	2 062	2 062	2 062	4 429	4 651	4 883
Agency services		67	75	800	1 384	1 384	1 384	1 384	1 457	1 529	1 606
Transfers and subsidies		132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other revenue	2	787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
Gains		1 769	33	(521)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		162 580	150 584	160 037	179 517	191 355	191 355	152 356	200 714	208 585	214 642
Expenditure By Type											
Employee related costs	2	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Remuneration of councillors		11 185	12 466	13 003	14 070	13 931	13 931	13 931	14 749	15 487	16 261
Debt impairment	3	7 406	7 793	12 044	6 000	6 000	6 000	6 000	4 000	4 200	4 410
Depreciation & asset impairment	2	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Finance charges		1 363	1 713	1 586	271	271	271	271	280	294	309
Bulk purchases	2	12 948	12 932	9 625	16 070	13 692	13 692	–	14 300	15 015	15 766
Other materials	8	–	–	2 067	2 767	2 482	2 482	2 482	4 421	2 986	3 053
Contracted services		6 282	6 501	20 488	17 126	16 466	16 466	–	34 165	37 164	34 725
Transfers and subsidies		14 584	4 301	10 946	230	195	195	–	–	–	–
Other expenditure	4, 5	45 369	48 710	26 036	20 011	21 247	21 247	–	13 690	14 574	15 113
Losses		–	–	9 550	–	8 000	8 000		–	–	–
Total Expenditure		185 877	190 724	210 014	196 918	185 366	185 366	22 683	198 814	208 590	214 541
Surplus/(Deficit)		(23 297)	(40 130)	(49 917)	(17 400)	5 989	5 989	129 673	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26 170	33 666	42 557	31 848	31 848	31 848	31 848	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–									
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality at 17.8%, but operating grants forms the major funding source at 74 %. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes (Net of) revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

EC136 Emalahleni (Ec) - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4 146	5 212	4 529	4 799	8 334	8 334		11 125	11 679	12 263
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	2	1 050	1 780	1 780	–	1 958	2 054	2 156
Net Property Rates		4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		11 023	10 101	15 797	19 255	21 993	21 993		21 581	22 657	23 790
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	1 700	2 900	2 900	2 900		3 190	3 346	3 514
Net Service charges - electricity revenue		11 023	10 101	14 097	16 355	19 093	19 093	–	18 391	19 311	20 276
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	6										
Total refuse removal revenue		3 777	3 483	6 623	8 987	10 850	10 850	–	10 495	11 018	11 569
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
less Revenue Foregone (in excess of one removal a week to indigent households)		–	–	–	–	–	–	–	–	–	–
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	(1 509)	2 000	2 000	2 000		2 200	2 308	2 423
Net Service charges - refuse revenue		3 777	3 483	8 133	6 987	8 850	8 850	–	8 295	8 710	9 146
Other Revenue by source											
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Other Revenue		787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
Total 'Other' Revenue	1	787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	66 175	74 155	60 900	67 676	57 014	57 014	–	66 235	68 737	71 415
Pension and UIF Contributions		–	–	5 592	9 542	7 967	7 967	–	9 587	10 275	11 028
Medical Aid Contributions		–	–	3 304	2 900	2 769	2 769	–	3 526	3 879	4 266
Overtime		–	–	–	1 695	1 348	1 348	–	–	–	–
Performance Bonus		–	–	4 295	5 535	3 348	3 348	–	6 814	7 383	7 996
Motor Vehicle Allowance		–	–	4 409	4 335	2 716	2 716	–	4 548	4 793	5 265
Cellphone Allowance		–	–	674	680	968	968	–	529	575	629
Housing Allowances		–	–	943	249	169	169	–	168	185	203
Other benefits and allowances		–	–	1 408	467	400	400	–	2 418	2 669	2 730
Payments in lieu of leave		–	–	650	273	273	273	–	–	–	–
Long service awards		–	–	591	436	66	66	–	–	–	–
Post-retirement benefit obligations	4	–	–	(12)	649	109	109	–	–	–	–
sub-total	5	66 175	74 155	82 754	94 637	77 145	77 145	–	93 824	98 515	103 533
Less: Employees costs capitalised to PPE		–	–	2 308	(1 480)	(1 480)	(1 480)	–	–	–	–
Total Employee related costs	1	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		20 564	22 152	24 168	24 256	24 256	24 256	–	19 284	20 253	21 271
Lease amortisation		–	–	55	–	–	–	–	100	100	100
Capital asset impairment		–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Bulk purchases											
Electricity Bulk Purchases		12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Water Bulk Purchases		–	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Transfers and grants											
Cash transfers and grants		14 584	4 301	10 933	100	180	180	–	–	–	–
Non-cash transfers and grants		–	–	12	130	15	15	–	–	–	–
Total transfers and grants	1	14 584	4 301	10 946	230	195	195	–	–	–	–
Contracted services											
Outsourced Services		6 282	6 501	10 993	5 084	3 939	3 939	–	20 276	21 149	18 583
Consultants and Professional Services		–	–	5 582	3 010	9 851	9 851	–	9 990	7 870	8 050
Contractors		–	–	3 914	9 032	2 666	2 666	–	3 897	8 146	8 092
Total contracted services		6 282	6 501	20 488	17 126	16 456	16 456	–	34 165	37 164	34 725
Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Audit fees		–	–	5 182	3 000	3 335	3 335	–	–	–	–
General expenses		45 369	43 710	20 854	17 011	17 912	17 912	–	13 690	14 574	15 113
Total 'Other' Expenditure	1	45 369	43 710	26 036	20 011	21 247	21 247	–	13 690	14 574	15 113
by Expenditure Item	8										
Employee related costs		–	–	6	1 813	1 492	1 492	–	–	–	–
Other materials		–	–	220	265	245	245	–	70	255	255
Contracted Services		–	–	3 120	3 339	2 114	2 114	–	3 350	7 503	7 443
Other Expenditure		–	–	85	180	230	230	–	–	–	–
Total Repairs and Maintenance Expenditure	9	–	–	3 431	5 597	4 081	4 081	–	3 420	7 758	7 698

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R80 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R148.749 million in the 2020/2021financial year, increases to, R154.102 million in 2021/2022 and R157.351 million in 2022/2023. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year.
Revenue from capital transfers as indicated below increases from R31.653 in 2020/2021 to R35.564 million in 2021/2022.

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	7 254	7 254	7 254	7 254	7 554	7 867
Vote 2 - Corporate Services		–	–	(538)	1 005	1 005	1 005	–	–	–
Vote 3 - Budget and Treasury		–	–	128 049	131 026	138 529	138 529	143 722	152 289	159 148
Vote 4 - PEDTA		–	–	2	(1 044)	(1 768)	(1 768)	(1 954)	(2 049)	(2 152)
Vote 5 - Community Services and Social Services		–	–	13 819	16 847	19 674	19 674	18 474	19 355	20 275
Vote 6 - Infrastructure Development and Human Settlement		–	–	61 322	57 328	60 289	60 289	64 870	67 080	65 067
Total Revenue by Vote	2	–	–	202 654	212 415	224 982	224 982	232 367	244 229	250 206
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and council		–	–	30 346	34 512	30 168	30 168	30 492	32 126	33 891
Vote 2 - Corporate Services		–	–	64 792	18 825	21 770	21 770	27 128	25 846	27 186
Vote 3 - Budget and Treasury		–	–	35 331	29 393	38 001	38 001	31 567	33 156	34 064
Vote 4 - PEDTA		–	–	9 632	9 600	7 426	7 426	7 217	7 824	8 262
Vote 5 - Community Services and Social Services		–	–	41 349	38 116	31 527	31 527	33 991	37 554	39 515
Vote 6 - Infrastructure Development and Human Settlement		–	–	28 563	66 471	56 473	56 473	68 419	72 084	71 622
Total Expenditure by Vote	2	–	–	210 014	196 918	185 366	185 366	198 814	208 590	214 541
Surplus/(Deficit) for the year	2	–	–	(7 360)	15 497	39 617	39 617	33 553	35 639	35 666

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.9 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment. The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. The tariff increase for electricity is 6.22% that is in line with the NERSA guideline. The tariff increases for refuse and rates and all other services is 10%.

The 2020/21 Budget is based on the Assumption of an average collection rate at about 42%. We will also endeavour to collect at least about R10 million from the arear debtors book to cover for this low collection rate.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is maintained at R4 million in 2020/2021 financial year.
It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates revenue is projected based on an actual calculation of the number of billable properties multiplied by the proposed tariff per property category. The proposed property rates tariff increase is 10%. This increase would see the current adjusted budget figure increase by this percentage from R 8.334 million to R 9.167 million.
Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of 80 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2020/21 financial year based on a general 10% increase from 1 July 2021.

1.4.2 Sale of Electricity and Impact of Tariff Increases

Electricity has been adjusted to be increased by an average of 6.22% from 10% in the draft budget in line with NERSA guidelines. These tariffs are subject to approval by NERSA.
Considering the Eskom increases, the consumer tariff had to be increased by 6.22% per cent to offset the additional bulk purchase cost from 1 July 2021. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption,

which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECTRICITY TARIFFS & CHARGES

Standard interest + 1.00% would be charged on all late payments.

Implementation subject to NERSA approval.

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise.

This revenue source is driven by consumer demand. The municipality has observed a slight reduction in the demand as tariffs increases and electricity losses persist which has caused a slight reduction in the electricity revenue collected. There is also an indication that the adjusted budget figures had been over projected and this draft budget seeks to realign this projection to more realistically collectable levels. This has resulted in the budget figures not necessarily reflecting the proposed tariff increases.

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 6.22% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs.

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 6.4% are being regarded as "acceptable" in the industry and Emalahleni Municipality is well above that norm.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

1.4.3 Waste Removal and Impact of Tariff Increases

The refuse revenue projections have been based on the number of billable debtor accounts as per category. This number of debtors are affected by the data cleansing exercises that the municipality is constantly engaging in that can cause a reduction or an increase in number of debtors to be billed The Municipality should implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.
Due to this deficit the Municipality did a benchmarking exercise with similar municipalities of the same size and magnitude and identified all services that were under charged and those that were over charged and aligned its own tariffs to these tariffs in order to attempt to at least reduce the loss/deficit currently endured from offering these services.

Comparison between current waste removal fees and increases

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has a net average effect of about 10%.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/2021 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 71, 82, 93 ,94,98 and 99
- Balanced budget constraint (operating expenditure should not exceed operating

Revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- Limitation on tariff increases.

The following table is a high-level summary of the 2020/2021 budget and MTREF (classified per main type of operating expenditure):

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges - electricity revenue	2	11 023	10 101	14 097	16 355	19 093	19 093	–	18 391	19 311	20 276
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3 777	3 483	8 133	6 987	8 850	8 850	–	8 295	8 710	9 146
Rental of facilities and equipment		727	813	894	1 468	1 468	1 468	1 468	949	996	1 046
Interest earned - external investments		2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Interest earned - outstanding debtors		4 709	4 854	5 284	6 127	6 889	6 889	6 889	5 435	5 706	5 992
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		116	9	9	115	399	399	399	202	212	222
Licences and permits		1 073	1 638	1 745	1 514	2 062	2 062	2 062	4 429	4 651	4 883
Agency services		67	75	800	1 384	1 384	1 384	1 384	1 457	1 529	1 606
Transfers and subsidies		132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other revenue	2	787	1 439	2 703	1 950	4 501	4 501	–	1 849	1 941	2 038
Gains		1 769	33	(521)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		162 580	150 594	160 097	179 517	191 355	191 355	152 356	200 714	208 665	214 642
Expenditure By Type											
Employee related costs	2	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Remuneration of councillors		11 185	12 466	13 003	14 070	13 931	13 931	13 931	14 749	15 487	16 261
Debt impairment	3	7 406	7 793	12 044	6 000	6 000	6 000	6 000	4 000	4 200	4 410
Depreciation & asset impairment	2	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Finance charges		1 363	1 713	1 586	271	271	271	271	280	294	309
Bulk purchases	2	12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Other materials	8	–	–	2 067	2 767	2 482	2 482	2 482	4 421	2 986	3 053
Contracted services		6 282	6 501	20 488	17 126	16 466	16 466	–	34 165	37 164	34 725
Transfers and subsidies		14 584	4 301	10 946	230	195	195	–	–	–	–
Other expenditure	4, 5	45 369	48 710	26 036	20 011	21 247	21 247	–	13 690	14 574	15 113
Losses		–	–	9 550	–	8 000	8 000		–	–	–
Total Expenditure		185 877	190 724	210 014	196 918	185 366	185 366	22 683	198 814	208 590	214 541
Surplus/(Deficit)		(23 297)	(40 130)	(49 917)	(17 400)	5 989	5 989	129 673	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26 170	33 666	42 557	31 848	31 848	31 848	31 848	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–									
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666

The budgeted allocation for employee related costs for the 2020/2021 financial year totals R108.573 million, which equals 54 % of the total operating expenditure. This percentage increases to 55% in 2021/2022 and 56% in 2022/2023. Based on the guidance provided by National Treasury in Circular 93 and 94 and The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018, salary increases have been factored into this budget at a percentage increase slightly higher than the Agreement to include the notch increases of 2.5 % for the 2020/2021 financial year for municipal officials . Due to some of the mSCOA projects having a labour component and also Repairs and Maintenance having a labour component, those labour costs also pull to this line item resulting in a higher percentage increase than it would have been had it only been the direct municipal official employee related costs.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 42 per cent and the Debt Write-off Policy of the Municipality. For the 2020/2021 financial year, this amount equates to R4 million, R4.196 million and R4.406 million for the outer years. the amount has been conservatively estimated and there has been no write-offs in the current year, however the economy is on a downhill owing to high fuel prices and high food prices and is well known that consumers do not prioritise the paying of their municipal accounts and therefore these economic conditions will most probably be felt by the municipality and hence the increased provision for doubtful debts. While this expenditure is a non-cash flow item, it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R19.384 million for the 2020/2021 financial year, R 20.353 million and R21.371 million for the outer years and equates to 9.7 per cent of the total operating expenditure and slightly increases to 9.8% and 9.10% in 2021/2022 and 2022/2023 respectively. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 10.4 %, 10.5 % and 10.7% respectively of the expenditure. The average for local municipalities in recent research is 13,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 7.1 % of total expenditure and increases slightly to 7.2% and 7.3%. If depreciation is excluded, the percentage is 7.9 %, 8.0% and 8.2% for the MTREF.

National Treasury has introduced a new Chart of Accounts in the form of and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are however, not yet ready to implement this change and will be addressed in future budgets.

Main operational expenditure categories for the 2020/2021 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2020/2021 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. R5.014 million, R7.788 million, R7.728 million has been budgeted for repairs and maintenance in the MTREF which represents 2.5%, 3.7% and 3.6% respectively.

During the compilation of the 2020/2021 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (Ec) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure		818	2 613	2 278	2 278	940	2 707	2 568
Roads Infrastructure		528	636	200	200	–	–	–
Roads		528	636	200	200	–	–	–
Storm water Infrastructure		34	1 517	1 507	1 507	500	1 000	1 000
Storm water Conveyance		34	1 517	1 507	1 507	500	1 000	1 000
Electrical Infrastructure		257	460	570	570	440	1 707	1 568
MV Substations		55	93	92	92	85	400	400
MV Networks		49	175	291	291	200	1 100	952
LV Networks		153	193	188	188	155	207	215
Water Supply Infrastructure		–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		1 175	974	474	474	640	1 134	1 095
Community Facilities		1 312	914	454	454	640	1 134	1 095
Halls		964	514	359	359	535	889	850
Cemeteries/Crematoria		25	130	30	30	35	105	105
Parks		130	190	52	52	30	120	120
Public Open Space		193	80	13	13	40	20	20
Sport and Recreation Facilities		(137)	60	20	20	–	–	–
Outdoor Facilities		(137)	60	20	20	–	–	–
		1	1	1	1	1	1	1
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–			–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		540	654	300	300	300	300	300
Operational Buildings		540	654	300	300	300	300	300
Municipal Offices		540	654	300	300	300	300	300
Housing		–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		85	130	200	200	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		85	130	200	200	–	–	–
Computer Software and Applications		85	130	200	200	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Machinery and Equipment		187	246	67	67	345	1 150	1 150
Machinery and Equipment		187	246	67	67	345	1 150	1 150
Transport Assets		625	980	762	762	1 195	2 467	2 586
Transport Assets		625	980	762	762	1 195	2 467	2 586
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Total Repairs and Maintenance Expendit	1	3 431	5 597	4 081	4 081	3 420	7 758	7 698
R&M as a % of PPE		*0.8%*	*1.2%*	*0.9%*	*0.9%*	*0.8%*	*1.7%*	*1.7%*
R&M as % Operating Expenditure		*1.6%*	*2.8%*	*2.2%*	*2.2%*	*15.1%*	*3.9%*	*3.7%*

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2020/2021 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below.

The cost of the social package of the registered indigent households is financed by the municipality largely by utilising the municipality's unconditional equitable share, allocated in terms of the

Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants for the purpose of free basic services totals R7.348 million compromising of R3.190 million for electricity, R1.958 million for property rates and R2.200 million for refuse for the 2020/2021 financial year and increases to R7.708 million and R8.093 million in 2021/2022 and 2022/2023 respectively.

EC136 Emalahleni (Ec) - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4 146	5 212	4 529	4 799	8 334	8 334		11 125	11 679	12 263
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	2	1 050	1 780	1 780	–	1 958	2 054	2 156
Net Property Rates		4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		11 023	10 101	15 797	19 255	21 993	21 993		21 581	22 657	23 790
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	1 700	2 900	2 900	2 900		3 190	3 346	3 514
Net Service charges - electricity revenue		11 023	10 101	14 097	16 355	19 093	19 093	–	18 391	19 311	20 276
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	6										
Total refuse removal revenue		3 777	3 483	6 623	8 987	10 850	10 850	–	10 495	11 018	11 569
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
less Revenue Foregone (in excess of one removal a week to indigent households)		–	–	–	–	–	–	–	–	–	–
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	(1 509)	2 000	2 000	2 000		2 200	2 308	2 423
Net Service charges - refuse revenue		3 777	3 483	8 133	6 987	8 850	8 850	–	8 295	8 710	9 146
Other Revenue by source											
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Other Revenue		787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
Total 'Other' Revenue	1	787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	66 175	74 155	60 900	67 878	57 014	57 014	–	66 235	68 737	71 415
Pension and UIF Contributions		–	–	5 592	9 542	7 957	7 957	–	9 587	10 275	11 028
Medical Aid Contributions		–	–	3 304	2 900	2 769	2 769	–	3 526	3 879	4 266
Overtime		–	–	–	1 695	1 348	1 348	–	–	–	–
Performance Bonus		–	–	4 295	5 535	3 348	3 348	–	6 814	7 393	7 996
Motor Vehicle Allowance		–	–	4 409	4 335	2 716	2 716	–	4 548	4 793	5 265
Cellphone Allowance		–	–	674	680	968	968	–	529	575	629
Housing Allowances		–	–	943	249	169	169	–	168	185	203
Other benefits and allowances		–	–	1 408	467	400	400	–	2 418	2 689	2 730
Payments in lieu of leave		–	–	650	273	273	273	–	–	–	–
Long service awards		–	–	591	436	66	66	–	–	–	–
Post-retirement benefit obligations	4	–	–	(12)	649	109	109	–	–	–	–
sub-total	5	66 175	74 155	82 754	94 637	77 145	77 145	–	93 824	98 515	103 533
Less: Employees costs capitalised to PPE		–	–	2 308	(1 480)	(1 480)	(1 480)	–	–	–	–
Total Employee related costs	1	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		20 564	22 152	24 168	24 256	24 256	24 256	–	19 284	20 253	21 271
Lease amortisation		–	–	55	–	–	–	–	100	100	100
Capital asset impairment		–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Bulk purchases											
Electricity Bulk Purchases		12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Water Bulk Purchases		–	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Transfers and grants											
Cash transfers and grants		14 584	4 301	10 933	100	180	180	–	–	–	–
Non-cash transfers and grants		–	–	12	130	15	15	–	–	–	–
Total transfers and grants	1	14 584	4 301	10 946	230	195	195	–	–	–	–
Contracted services											
Outsourced Services		6 282	6 501	10 993	5 084	3 939	3 939	–	20 278	21 148	18 583
Consultants and Professional Services		–	–	5 582	3 010	9 851	9 851	–	9 990	7 870	8 050
Contractors		–	–	3 914	9 032	2 666	2 666	–	3 897	8 146	8 092
Total contracted services		6 282	6 501	20 488	17 126	16 456	16 456	–	34 165	37 164	34 725
Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Audit fees		–	–	5 182	3 000	3 335	3 335	–	–	–	–
General expenses		45 369	48 710	20 854	17 011	17 912	17 912	–	13 690	14 574	15 113
Total 'Other' Expenditure	1	45 369	48 710	26 036	20 011	21 247	21 247	–	13 690	14 574	15 113
by Expenditure Item	8										
Employee related costs		–	–	6	1 813	1 492	1 492	–	–	–	–
Other materials		–	–	220	265	245	245	–	70	255	255
Contracted Services		–	–	3 120	3 339	2 114	2 114	–	3 350	7 503	7 443
Other Expenditure		–	–	85	180	230	230	–	–	–	–
Total Repairs and Maintenance Expenditure	9	–	–	3 431	5 597	4 081	4 081	–	3 420	7 758	7 698

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Vote Description	Ref	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote									
Multi-year expenditure *to be appropriated*	2								
Vote 1 - Executive and council		3 637	2 000	–	–	–	–	–	–
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–
Vote 3 - Budget and Treasury		–	–	–	–	–	190	350	100
Vote 4 - PEDTA		1 049	–	–	–	–	–	–	–
Vote 5 - Community Services and Social Services		27 540	13 708	10 174	10 174	10 174	3 422	4 875	30
Vote 6 - Infrastructure Development and Human Settleme		11 715	18 490	22 533	22 533	22 533	28 341	29 729	17 710
Capital multi-year expenditure sub-total	7	43 940	34 198	32 707	32 707	32 707	31 953	34 954	17 840
Single-year expenditure *to be appropriated*	2								
Vote 1 - Executive and council		–	–	–	–	–	–	–	–
Vote 2 - Corporate Services		–	716	763	763	763	200	210	221
Vote 3 - Budget and Treasury		–	–	1 283	1 283	1 283	1 400	400	300
Vote 4 - PEDTA		–	–	31	31	31	–	–	–
Vote 5 - Community Services and Social Services		–	–	–	–	–	–	–	–
Vote 6 - Infrastructure Development and Human Settleme		–	–	24	24	24	–	–	–
Capital single-year expenditure sub-total		–	716	2 101	2 101	2 101	1 600	610	521
Total Capital Expenditure - Vote		43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Capital Expenditure - Functional									
Governance and administration		3 637	2 716	2 046	2 046	2 046	1 790	1 360	621
Executive and council		3 637	2 000	–	–	–	–	–	–
Finance and administration		–	716	2 046	2 046	2 046	1 790	1 360	621
Community and public safety		23 183	13 358	9 523	9 523	9 523	2 922	4 475	30
Community and social services		8 969	5 294	2 351	2 351	2 351	–	–	–
Sport and recreation		14 214	8 064	7 173	7 173	7 173	2 922	4 475	30
Economic and environmental services		11 420	12 887	16 954	16 954	16 954	17 531	28 829	17 710
Planning and development		–	–	24	24	24	–	–	–
Road transport		11 420	12 887	16 930	16 930	16 930	17 531	28 829	17 710
Trading services		513	5 953	5 953	5 953	5 953	11 310	900	–
Energy sources		295	–	–	–	–	5 000	900	–
Waste water management		–	5 603	5 603	5 603	5 603	5 810	–	–
Waste management		219	350	350	350	350	500	–	–
Other		5 187	0	332	332	332	–	–	–
Total Capital Expenditure - Functional	3	43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Funded by:									
National Government		39 790	31 848	32 388	32 388	32 388	31 653	34 174	17 710
Provincial Government		–	350	350	350	350	–	–	–
District Municipality		–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–
Transfers recognised - capital	4	39 790	32 198	32 738	32 738	32 738	31 653	34 174	17 710
Borrowing	6	167	–	–	–	–	–	–	–
Internally generated funds		3 764	2 716	2 070	2 070	2 070	1 900	1 390	651
Total Capital Funding	7	43 721	34 913	34 808	34 808	34 808	33 553	35 564	18 361

The following tables provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (Ec) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure		3 662	1 729	3 504	3 504	500	–	12 620
Roads Infrastructure		3 367	1 729	3 504	3 504	–	–	3 000
Roads		3 367	1 729	3 504	3 504	–	–	3 000
Storm water Infrastructure		–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–
Electrical Infrastructure		295	–	–	–	–	–	9 620
Power Plants		–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	9 620
Capital Spares		295	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	500	–	–
Landfill Sites		–	–	–	–	500	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		13 263	7 867	5 252	5 252	–	–	–
Community Facilities		13 263	7 867	5 252	5 252	–	–	–
Halls		–	–	–	–	–	–	–
Centres		7 920	3 032	–	–	–	–	–
Testing Stations		5 187	0	332	332	–	–	–
Cemeteries/Crematoria		–	2 262	2 320	2 320	–	–	–
Public Open Space		156	2 572	2 600	2 600	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–
Indoor Facilities		–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		3 637	2 000	–	–	–	400	–
Operational Buildings		3 637	2 000	–	–	–	400	–
Municipal Offices		3 637	2 000	–	–	–	–	–
Stores		–	–	–	–	–	400	–
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–
Computer Equipment		–	–	24	24	190	350	100
Computer Equipment		–	–	24	24	190	350	100
Furniture and Office Equipment		–	716	1 113	1 113	200	210	221
Furniture and Office Equipment		–	716	1 113	1 113	200	210	221
Machinery and Equipment		48	–	–	–	110	30	30
Machinery and Equipment		48	–	–	–	110	30	30
Transport Assets		–	–	933	933	1 400	400	300
Transport Assets		–	–	933	933	1 400	400	300
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		1 049	–	31	31	–	–	–
Zoo's, Marine and Non-biological Animals		1 049	–	31	31	–	–	–
Total Capital Expenditure on new ass	1	21 658	12 311	10 856	10 856	2 400	1 390	13 271

EC136 Emalahleni (Ec) - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure		171	350	2 350	2 350	13 866	24 542	21 690
Roads Infrastructure		–	–	2 000	2 000	8 866	23 642	20 690
Roads		–	–	2 000	2 000	8 866	23 642	20 690
Storm water Infrastructure		–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	5 000	900	1 000
Power Plants		–	–	–	–	–	–	–
LV Networks		–	–	–	–	5 000	900	1 000
Water Supply Infrastructure		–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		171	350	350	350	–	–	–
Landfill Sites		–	–	–	–	–	–	–
Waste Processing Facilities		171	350	350	350	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		3 737	0	533	533	–	–	–
Community Facilities		–	–	–	–	–	–	–
Halls		–	–	–	–	–	–	–
Sport and Recreation Facilities		3 737	0	533	533	–	–	–
Indoor Facilities		–	–	–	–	–	–	–
Outdoor Facilities		3 737	0	533	533	–	–	–
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–
Municipal Offices		–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existi	1	3 908	350	2 883	2 883	13 866	24 542	21 690
Renewal of Existing Assets as % of total capex		*8,9%*	*1,0%*	*8,3%*	*8,3%*	*41,3%*	*69,0%*	*58,1%*
Renewal of Existing Assets as % of deprecn"		*16,1%*	*1,4%*	*11,9%*	*11,9%*	*71,5%*	*120,6%*	*101,5%*

EC136 Emalahleni (Ec) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure		818	2 613	2 278	2 278	940	2 707	2 568
Roads Infrastructure		528	636	200	200	–	–	–
Roads		528	636	200	200	–	–	–
Storm water Infrastructure		34	1 517	1 507	1 507	500	1 000	1 000
Storm water Conveyance		34	1 517	1 507	1 507	500	1 000	1 000
Electrical Infrastructure		257	460	570	570	440	1 707	1 568
MV Substations		55	93	92	92	85	400	400
MV Networks		49	175	291	291	200	1 100	952
LV Networks		153	193	188	188	155	207	215
Water Supply Infrastructure		–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		1 175	974	474	474	640	1 134	1 095
Community Facilities		1 312	914	454	454	640	1 134	1 095
Halls		964	514	359	359	535	889	850
Cemeteries/Crematoria		25	130	30	30	35	105	105
Parks		130	190	52	52	30	120	120
Public Open Space		193	80	13	13	40	20	20
Sport and Recreation Facilities		(137)	60	20	20	–	–	–
Outdoor Facilities		(137)	60	20	20	–	–	–
		1	1	1	1	1	1	1
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		540	654	300	300	300	300	300
Operational Buildings		540	654	300	300	300	300	300
Municipal Offices		540	654	300	300	300	300	300
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		85	130	200	200	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		85	130	200	200	–	–	–
Computer Software and Applications		85	130	200	200	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Machinery and Equipment		187	246	67	67	345	1 150	1 150
Machinery and Equipment		187	246	67	67	345	1 150	1 150
Transport Assets		625	980	762	762	1 195	2 467	2 586
Transport Assets		625	980	762	762	1 195	2 467	2 586
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Total Repairs and Maintenance Exp	1	3 431	5 597	4 081	4 081	3 420	7 758	7 698
R&M as a % of PPE		*0,8%*	*1,2%*	*0,9%*	*0,9%*	*0,8%*	*1,7%*	*1,7%*
R&M as % Operating Expenditure		*1,6%*	*2,8%*	*2,2%*	*2,2%*	*15,1%*	*3,9%*	*3,7%*

EC136 Emalahleni (Ec) - Supporting Table SA34d Depreciation by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Depreciation by Asset Class/Sub-class								
Infrastructure		–	21 596	21 596	21 596	16 724	17 568	18 452
Roads Infrastructure		–	20 401	20 401	20 401	15 529	16 314	17 136
Roads		–	20 401	20 401	20 401	15 529	16 314	17 136
Storm water Infrastructure		–	549	549	549	549	576	604
Storm water Conveyance		–	549	549	549	549	576	604
Attenuation		–	–	–	–	–	–	–
Electrical Infrastructure		–	647	647	647	647	679	712
LV Networks		–	647	647	647	647	679	712
Water Supply Infrastructure		–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		–	981	981	981	981	1 029	1 081
Community Facilities		–	981	981	981	981	1 029	1 081
Halls		–	130	130	130	130	136	143
Cemeteries/Crematoria		–	120	120	120	120	126	132
Public Open Space		–	731	731	731	731	767	806
Sport and Recreation Facilities		–	–	–	–	–	–	–
Indoor Facilities		–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		24 168	391	391	391	391	410	430
Revenue Generating		–	391	391	391	391	410	430
Improved Property		–	391	391	391	391	410	430
Non-revenue Generating		24 168	–	–	–	–	–	–
Unimproved Property		24 168	–	–	–	–	–	–
Other assets		–	66	66	66	66	69	72
Operational Buildings		–	66	66	66	66	69	72
Municipal Offices		–	–	–	–	–	–	–
Capital Spares		–	66	66	66	66	69	72
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		55	100	100	100	100	100	100
Servitudes		–	–	–	–	–	–	–
Licences and Rights		55	100	100	100	100	100	100
Computer Software and Applications		55	100	100	100	100	100	100
Computer Equipment		–	32	32	32	32	34	36
Computer Equipment		–	32	32	32	32	34	36
Furniture and Office Equipment		–	294	294	294	294	309	324
Furniture and Office Equipment		–	294	294	294	294	309	324
Machinery and Equipment		–	5	5	5	5	5	6
Machinery and Equipment		–	5	5	5	5	5	6
Transport Assets		–	790	790	790	790	829	870
Transport Assets		–	790	790	790	790	829	870
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Total Depreciation	1	24 223	24 256	24 256	24 256	19,384	20 353	21 371

EC136 Emalahleni (Ec) - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
Infrastructure		8 053	16 761	17 029	17 029	14 474	5 187	2 400
Roads Infrastructure		8 053	11 158	11 425	11 425	8 664	5 187	2 400
Roads		–	1 072	988	988	–	–	–
Road Structures		8 053	10 085	10 437	10 437	8 664	5 187	2 400
Storm water Infrastructure		–	5 603	5 603	5 603	5 810	–	–
Storm water Conveyance		–	5 603	5 603	5 603	5 810	–	–
Electrical Infrastructure		–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		10 321	5 491	4 040	4 040	2 812	4 445	–
Community Facilities		–	–	–	–	–	–	–
Halls		–	–	–	–	–	–	–
Sport and Recreation Facilities		10 321	5 491	4 040	4 040	2 812	4 445	–
Outdoor Facilities		10 321	5 491	4 040	4 040	2 812	4 445	–
Capital Spares		–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–
Municipal Offices		–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Total Capital Expenditure on upgrading o	1	18 374	22 252	21 069	21 069	17 287	9 632	2 400
Upgrading of Existing Assets as % of total capex		*41,8%*	*63,7%*	*60,5%*	*60,5%*	*51,5%*	*27,1%*	*6,4%*
Upgrading of Existing Assets as % of deprecn"		*75,9%*	*91,7%*	*86,9%*	*86,9%*	*89,2%*	*47,3%*	*11,2%*

ANNUAL BUDGET TABLES

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/2021 budget and MTREF to be approved by the Council. Each table is accompanied by explanatory notes on the facing page.)

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges	14 799	13 585	22 229	23 342	27 943	27 943	–	26 687	28 021	29 422
Investment revenue	2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Transfers recognised - operational	132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other own revenue	9 247	8 861	10 914	12 568	16 703	16 703	12 202	14 320	15 035	15 767
Total Revenue (excluding capital transfers and contributions)	162 580	150 594	160 097	179 517	191 355	191 355	152 356	200 714	208 655	214 642
Employee costs	66 175	74 155	80 446	95 117	78 625	78 625	–	93 824	98 515	103 533
Remuneration of councillors	11 185	12 466	13 003	14 070	13 931	13 931	13 931	14 749	15 487	16 261
Depreciation & asset impairment	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Finance charges	1 363	1 713	1 586	271	271	271	271	280	294	309
Materials and bulk purchases	12 948	12 932	11 692	18 837	16 374	16 374	2 462	18 721	18 001	18 819
Transfers and grants	14 584	4 301	10 946	230	195	195	–	–	–	–
Other expenditure	59 058	63 003	68 118	43 137	51 714	51 714	6 000	51 855	55 939	54 248
Total Expenditure	185 877	190 724	210 014	195 918	185 366	185 366	22 683	198 814	208 590	214 541
Surplus/(Deficit)	(23 297)	(40 130)	(49 917)	(17 400)	5 989	5 989	129 673	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	26 170	33 666	42 557	31 848	31 848	31 848	31 848	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) &										
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Capital expenditure & funds sources										
Capital expenditure	–	–	43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 351
Transfers recognised - capital	–	–	39 790	32 198	32 738	32 738	32 738	31 653	34 174	17 710
Borrowing	–	–	167	–	–	–	–	–	–	–
Internally generated funds	–	–	3 764	2 716	2 070	2 070	2 070	1 900	1 390	651
Total sources of capital funds	–	–	43 721	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Financial position										
Total current assets	46 437	18 537	25 525	182 840	15 162	15 162	18 935	36 056	54 517	65 084
Total non current assets	416 678	431 619	441 872	490 549	452 211	452 211	452 211	449 947	464 877	484 777
Total current liabilities	41 379	30 591	47 532	86 755	42 860	42 860	42 860	30 533	30 122	30 045
Total non current liabilities	6 878	11 599	13 726	14 800	17 751	17 751	17 751	13 900	14 950	16 000
Community wealth/Equity	414 858	407 967	411 033	343 991	463 225	463 225	445 770	441 570	474 322	503 816
Cash flows										
Net cash from (used) operating	21 911	29 727	27 759	34 716	60 198	60 198	60 198	48 547	49 438	44 759
Net cash from (used) investing	(36 844)	(36 641)	(43 928)	–	22 000	22 000	22 000	(33 553)	(35 564)	(37 361)
Net cash from (used) financing	(353)	(353)	(369)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	13 134	5 866	(10 672)	34 716	82 198	82 198	82 198	20 494	34 368	41 767
Cash backing/surplus reconciliation										
Cash and investments available	13 134	5 866	4 145	88 321	3 527	3 527	7 300	20 495	34 372	41 775
Application of cash and investments	4 852	4 444	13 528	(2 730)	7 624	7 624	(19 432)	(8 860)	(13 855)	(17 323)
Balance - surplus (shortfall)	8 282	1 422	(9 384)	91 051	(4 097)	(4 097)	26 733	29 355	48 227	59 098
Asset management										
Asset register summary (WDV)	–	–	441 872	489 476	451 222	451 222	451 222	449 947	464 877	484 776
Depreciation	–	–	24 223	24 256	24 256	24 256	24 256	19 384	20 353	21 371
Renewal and Upgrading of Existing Assets	–	–	22 283	22 602	23 951	23 951	23 951	31 153	34 174	24 090
Repairs and Maintenance	–	–	3 431	5 597	4 081	4 081	4 081	3 420	7 758	7 698
Free services										
Cost of Free Basic Services provided	–	–	191	4 900	4 900	4 900	5 390	5 390	5 654	5 937
Revenue cost of free services provided	–	–	2	1 050	1 780	1 780	1 958	1 958	2 054	2 156
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

The Total realistically anticipated Operating Revenue budget forecasted amounts to R 51.965 million excluding transfers recognised. This amount is slightly lower when compared with the 2019/2020 Adjusted budget currently been implemented that amounted to R 52.643 million.

Grants

Operating Grant Income is R148.749 million which constitutes 74% of the total operating revenue budget whilst own revenue constitutes only 26% of the final budget.

Own Revenue

The Municipality has budgeted all its revenue based on realistically anticipated estimates keeping the requirements of Circular 93 & 99 in mind.

EXPENDITURE

An exercise to cut the total expenditure budget in line with the revenue budget has been undertaken and is currently estimated at R 200.714 million resulting in an R1.9 million surplus before capital transfers .

Employee related costs including Councillor allowances now represent 55% of operating expenditure for 2020/2021, it further stays the same at 55% in 2021/22 and to 56% in 2021/22 which is above NT maximum threshold of 40%.

General expenditure: An approach to either cut expenditure or keep it in line with prior year budget has been taken, however no further cuts could be made without crippling the municipalities ability to operate and being able to deliver services to the community.

Capital expenditure budget

The Capital expenditure budget is currently R33.053 million. The MIG budget allocated is

R31.653 million. The internally funded capital budget for acquisition of property, plant & equipment is set at R1.9 million. The internal capital budget is for the acquisition of moveable assets like computer equipment and motor vehicles, lawn mowers and grass cutters.

EC136 Emalahleni (Ec) - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		127 238	127 570	127 914	137 307	143 916	143 916	148 065	156 789	163 809
Executive and council		6 831	6 670	–	7 254	7 254	7 254	7 254	7 554	7 867
Finance and administration		120 408	120 900	127 914	130 053	136 662	136 662	140 811	149 235	155 942
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		6 204	1 959	723	2 812	2 997	2 997	2 529	2 610	2 693
Community and social services		6 191	1 957	273	1 630	1 679	1 679	1 433	1 459	1 484
Sport and recreation		–	–	5	12	3	3	3	3	3
Public safety		–	12	–	1 140	1 305	1 305	1 091	1 144	1 202
Housing		14	–	445	30	10	10	3	4	4
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		27 679	37 915	46 114	35 838	35 838	35 838	35 523	37 481	37 584
Planning and development		18	884	46 114	35 838	35 838	35 838	35 523	37 481	37 584
Road transport		27 661	37 030	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		27 564	16 819	25 710	33 609	38 552	38 552	40 267	41 067	39 524
Energy sources		20 597	10 373	14 766	21 461	24 440	24 440	29 344	29 596	27 479
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		6 966	6 445	10 944	12 148	14 112	14 112	10 922	11 471	12 045
Other	4	102	–	1 237	2 850	3 679	3 679	5 983	6 282	6 596
Total Revenue - Functional	2	188 787	184 272	201 698	212 415	224 982	224 982	232 367	244 229	250 206
Expenditure - Functional										
Governance and administration		90 272	99 481	140 836	90 120	96 276	96 276	95 847	99 272	103 879
Executive and council		31 693	35 138	30 049	31 646	29 107	29 107	28 252	29 878	31 451
Finance and administration		58 578	64 343	110 167	56 110	66 228	66 228	65 471	67 282	70 133
Internal audit		–	–	619	2 364	941	941	2 124	2 112	2 296
Community and public safety		22 888	18 914	9 627	19 240	14 189	14 189	16 785	18 101	19 123
Community and social services		20 413	17 671	6 867	11 026	7 179	7 179	11 261	12 305	12 913
Sport and recreation		–	–	1 282	2 265	2 326	2 326	2 027	2 295	2 428
Public safety		–	1 243	–	3 079	2 161	2 161	1 724	1 737	1 846
Housing		2 475	–	1 478	2 870	2 523	2 523	1 773	1 764	1 936
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		40 300	49 214	22 904	43 789	41 394	41 394	42 453	44 002	45 968
Planning and development		5 640	7 657	21 536	39 906	36 207	36 207	39 717	43 292	45 188
Road transport		34 660	41 557	1 368	3 883	5 187	5 187	2 736	710	781
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		33 521	23 115	33 023	40 088	31 854	31 854	40 477	43 599	41 780
Energy sources		24 998	15 459	12 530	25 531	19 348	19 348	30 586	32 718	30 499
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	(27)	1 527	1 518	1 518	500	1 000	1 000
Waste management		8 523	7 657	20 520	13 030	10 988	10 988	9 391	9 881	10 281
Other	4	140	–	1 935	3 682	1 653	1 653	3 252	3 616	3 791
Total Expenditure - Functional	3	187 121	190 724	208 323	196 918	185 366	185 366	198 814	208 590	214 541
Surplus/(Deficit) for the year		1 666	(6 452)	(6 625)	15 497	39 617	39 617	33 553	35 639	35 666

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	7 254	7 254	7 254	7 254	7 554	7 867
Vote 2 - Corporate Services		–	–	(538)	1 005	1 005	1 005	–	–	–
Vote 3 - Budget and Treasury		–	–	128 049	131 026	138 529	138 529	143 722	152 289	159 148
Vote 4 - PEDTA		–	–	2	(1 044)	(1 768)	(1 768)	(1 954)	(2 049)	(2 152)
Vote 5 - Community Services and Social Services		–	–	13 819	16 847	19 674	19 674	18 474	19 355	20 275
Vote 6 - Infrastructure Development and Human Settlement		–	–	61 322	57 328	60 289	60 289	64 870	67 080	65 067
Vote 7 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	–	202 654	212 415	224 982	224 982	232 367	244 229	250 206
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and council		–	–	30 346	34 512	30 168	30 168	30 492	32 126	33 891
Vote 2 - Corporate Services		–	–	64 792	18 825	21 770	21 770	27 128	25 846	27 186
Vote 3 - Budget and Treasury		–	–	35 331	29 393	38 001	38 001	31 567	33 156	34 064
Vote 4 - PEDTA		–	–	9 632	9 600	7 426	7 426	7 217	7 824	8 262
Vote 5 - Community Services and Social Services		–	–	41 349	38 116	31 527	31 527	33 991	37 554	39 515
Vote 6 - Infrastructure Development and Human Settlement		–	–	28 563	66 471	56 473	56 473	68 419	72 084	71 622
Vote 7 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	–	210 014	195 918	185 366	185 366	198 814	208 590	214 541
Surplus/(Deficit) for the year	2	–	–	(7 360)	15 497	39 617	39 617	33 553	35 639	35 666

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	4 146	5 212	4 527	3 749	6 554	6 554	–	9 167	9 625	10 107
Service charges - electricity revenue	2	11 023	10 101	14 097	16 355	19 093	19 093	–	18 391	19 311	20 276
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3 777	3 483	8 133	6 987	8 650	8 650	–	8 295	8 710	9 146
Rental of facilities and equipment		727	813	894	1 468	1 468	1 468	1 468	949	996	1 046
Interest earned - external investments		2 313	1 183	870	1 147	1 443	1 443	1 443	1 792	1 881	1 975
Interest earned - outstanding debtors		4 709	4 854	5 284	6 127	6 889	6 889	6 889	5 435	5 706	5 992
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		116	9	9	115	399	399	399	202	212	222
Licences and permits		1 073	1 638	1 745	1 514	2 062	2 062	2 062	4 429	4 651	4 883
Agency services		67	75	800	1 384	1 384	1 384	1 384	1 457	1 529	1 606
Transfers and subsidies		132 075	121 754	121 556	138 711	138 711	138 711	138 711	148 749	154 102	157 351
Other revenue	2	787	1 439	2 703	1 960	4 501	4 501	–	1 849	1 941	2 038
Gains		1 769	33	(521)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		162 580	150 594	160 097	179 517	191 355	191 355	152 356	200 714	208 665	214 642
Expenditure By Type											
Employee related costs	2	66 175	74 155	80 446	96 117	78 625	78 625	–	93 824	98 515	103 533
Remuneration of councillors		11 165	12 466	13 003	14 070	13 931	13 931	13 931	14 749	15 487	16 261
Debt impairment	3	7 405	7 793	12 044	6 000	6 000	6 000	6 000	4 000	4 200	4 410
Depreciation & asset impairment	2	20 564	22 152	24 223	24 256	24 256	24 256	–	19 384	20 353	21 371
Finance charges		1 363	1 713	1 586	271	271	271	271	280	294	309
Bulk purchases	2	12 948	12 932	9 625	16 070	13 892	13 892	–	14 300	15 015	15 766
Other materials	8	–	–	2 067	2 767	2 482	2 482	2 482	4 421	2 986	3 053
Contracted services		6 282	6 501	20 488	17 126	16 466	16 466	–	34 165	37 164	34 725
Transfers and subsidies		14 584	4 301	10 946	230	195	195	–	–	–	–
Other expenditure	4, 5	45 369	48 710	26 036	20 011	21 247	21 247	–	13 690	14 574	15 113
Losses		–	–	9 550	–	8 000	8 000		–	–	–
Total Expenditure		185 877	190 724	210 014	196 918	185 366	185 366	22 683	198 814	208 590	214 541
Surplus/(Deficit)		(23 297)	(40 130)	(49 917)	(17 400)	5 989	5 989	129 673	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26 170	33 666	42 557	31 848	31 848	31 848	31 848	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–									
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		2 873	(6 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is estimated at R200.714 million for 2020/2021 and increases to R208.665 million in 2021/2022 and R214.642 million in 2022/2023. This represents a year-on-year increase of 7.5% between 2019/2020 and 2020/2021, 3.96 % between 2020/2021 and 2021/2022 and 2.86% between 2021/2022 and 2022/2023.
2. Revenue to be generated from property rates is R9.167 million in the 2020/2021 financial year and increases to R9.616 million by 2021/22 and R10.097 million which represents only 4.6 % over the MTREF of the operating revenue base (excluding capital transfers) of the municipality and therefore does not represent a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 10% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R26.686 million for the 2020/2021 financial year and increasing to R27.995 million by 2021/22 and R29.394 million. For the 2020/2021 financial year services charges amount to 13.29 % of the total revenue base, increases to 13.41 % and 13.69 % over the MTREF period.
4. Transfers recognised – Amount to a total of R148.749 million in 2020/2021, R154.102 million and R157.351 million over the MTREF. This represents a consistent 74% , 74% and 73% of the total revenue over the MTREF . This simply means that the municipality is highly dependent on

grant funding and the municipality's revenue base is very low , this will pose serious challenges in the MTREF due to the severe impact on the economy of the Corona virus pandemic , the number of consumers who are able to pay will decrease and the indigent consumers will grow as a result of job losses .

Operating grants include the local government equitable share which is not a conditional grant and other operating grants that are conditional grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments. Due to the corona virus pandemic the government has announced that it will be shifting funds meant for provincial, district and local municipalities to the Health department in particular and therefore there will are foreseeable changes to the National budgeted transfers and grants that will affect the amounts transferred to municipalities.

Expenditure by major type

5. Bulk purchases have increased from the 2019/2020 Adjusted budget of R13.892 million to R14.300 million R15.015 million and R15.765 million over the outer years of the MTREF. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs, depreciation, contracted services, other operating expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
7. Employee related costs including Councillor allowances now represent 54% of operating expenditure for 2020/2021, it further goes up to 55% in 2021/22 and to 56% in 2021/22 which is above NT maximum threshold of 40%.
8. Depreciation amounts to R19.384 million for the 2020/2021 financial year, R 20.353 million and R21.371 million for the outer years and equates to 9.7 per cent of the total operating expenditure and slightly increases to 9.8% and 9.10% in 2021/2022 and 2022/2023 respectively.

   Contracted services constitute R 35.835 million, R37.176 million and R34.738 million. The contracted services represent 17.85 % , 17.81% and 16.18% respectively over the MTREF.
9. The contracted services is made up of the following :

   1) INEP = R10.224 million 2) Legal fees (with a 5 million court awarded pay-out =R6.500 million ,3) Security services= R4.200 million , 4) Finance Management Grant = R3 million, 5) EMS financial system licence fees and mSCOA running costs =R1.500 million and 6) Audit fees = R2 million

BRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote									
Multi-year expenditure *to be appropriated*	2								
Vote 1 - Executive and council		3 637	2 000	–	–	–	–	–	–
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–
Vote 3 - Budget and Treasury		–	–	–	–	–	190	350	100
Vote 4 - PEDTA		1 049	–	–	–	–	–	–	–
Vote 5 - Community Services and Social Services		27 540	13 708	10 174	10 174	10 174	3 422	4 875	30
6 - Infrastructure Development and Human Settlement		11 715	18 490	22 533	22 533	22 533	28 341	29 729	17 710
Capital multi-year expenditure sub-total	7	43 940	34 198	32 707	32 707	32 707	31 953	34 954	17 840
Single-year expenditure *to be appropriated*	2								
Vote 1 - Executive and council		–	–	–	–	–	–	–	–
Vote 2 - Corporate Services		–	716	763	763	763	200	210	221
Vote 3 - Budget and Treasury		–	–	1 283	1 283	1 283	1 400	400	300
Vote 4 - PEDTA		–	–	31	31	31	–	–	–
Vote 5 - Community Services and Social Services		–	–	–	–	–	–	–	–
Vote 6 - Infrastructure Development and Human Settle		–	–	24	24	24	–	–	–
Capital single-year expenditure sub-total		–	716	2 101	2 101	2 101	1 600	610	521
Total Capital Expenditure - Vote		43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Capital Expenditure - Functional									
Governance and administration		3 637	2 716	2 046	2 046	2 046	1 790	1 360	621
Executive and council		3 637	2 000	–	–	–	–	–	–
Finance and administration		–	716	2 046	2 046	2 046	1 790	1 360	621
Community and public safety		23 183	13 358	9 523	9 523	9 523	2 922	4 475	30
Community and social services		8 969	5 294	2 351	2 351	2 351	–	–	–
Sport and recreation		14 214	8 064	7 173	7 173	7 173	2 922	4 475	30
Economic and environmental services		11 420	12 887	16 954	16 954	16 954	17 531	28 829	17 710
Planning and development		–	–	24	24	24	–	–	–
Road transport		11 420	12 887	16 930	16 930	16 930	17 531	28 829	17 710
Environmental protection		–	–	–	–	–	–	–	–
Trading services		513	5 953	5 953	5 953	5 953	11 310	900	–
Energy sources		295	–	–	–	–	5 000	900	–
Waste water management		–	5 603	5 603	5 603	5 603	5 810	–	–
Waste management		219	350	350	350	350	500	–	–
Other		5 187	0	332	332	332	–	–	–
Total Capital Expenditure - Functional	3	43 940	34 913	34 808	34 808	34 808	33 553	35 564	18 361
Funded by:									
National Government		39 790	31 848	32 388	32 388	32 388	31 653	34 174	17 710
Provincial Government		–	350	350	350	350	–	–	–
District Municipality		–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–
Transfers recognised - capital	4	39 790	32 198	32 738	32 738	32 738	31 653	34 174	17 710
Borrowing	6	167	–	–	–	–	–	–	–
Internally generated funds		3 764	2 716	2 070	2 070	2 070	1 900	1 390	651
Total Capital Funding	7	43 721	34 913	34 808	34 808	34 808	33 553	35 564	18 361

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.

EC136 Emalahleni (Ec) - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		2 874	3 264	51 293	88 321	3 527	3 527	1 800	7 001	10 001	12 001
Call investment deposits	1	10 260	2 603	(47 148)	–	–	–	5 500	13 495	24 372	29 775
Consumer debtors	1	5 683	4 014	15 290	66 295	11 598	11 598	11 598	15 533	20 125	23 289
Other debtors		27 620	8 656	6 090	26 923	38	38	38	28	21	21
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	1 301	0	0	–	0	0	0
Total current assets		46 437	18 537	25 525	182 840	15 162	15 162	18 936	36 056	54 517	65 084
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		4 154	4 152	4 149	4 543	4 149	4 149	4 149	4 149	4 149	4 149
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	412 032	426 829	437 139	485 268	447 478	447 478	447 478	445 163	460 121	480 048
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		309	456	401	555	401	401	401	452	424	396
Other non-current assets		183	183	183	183	183	183	183	183	183	183
Total non current assets		416 678	431 619	441 872	490 549	452 211	452 211	452 211	449 947	464 877	484 777
TOTAL ASSETS		463 115	450 156	467 397	673 388	467 373	467 373	471 146	486 002	519 394	549 861
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	295	369	–	–	–	–	–	–	–	–
Consumer deposits		–	–	64	46	0	0	0	0	0	0
Trade and other payables	4	29 874	19 842	26 874	70 656	20 983	20 983	20 983	5 951	4 066	2 425
Provisions		11 210	10 380	20 594	16 053	21 877	21 877	21 877	24 581	26 056	27 620
Total current liabilities		41 379	30 591	47 532	86 755	42 860	42 860	42 860	30 533	30 122	30 045
Non current liabilities											
Borrowing		–	779	779	1 407	373	373	373	–	–	0
Provisions		6 878	10 819	12 947	13 394	17 378	17 378	17 378	13 900	14 950	16 000
Total non current liabilities		6 878	11 599	13 726	14 800	17 751	17 751	17 751	13 900	14 950	16 000
TOTAL LIABILITIES		48 257	42 189	61 258	101 556	60 611	60 611	60 611	44 433	45 072	46 045
NET ASSETS	5	414 858	407 967	406 140	571 833	406 762	406 762	410 535	441 570	474 322	503 816
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		414 858	407 967	411 033	343 991	463 225	463 225	445 770	441 570	474 322	503 816
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	414 858	407 967	411 033	343 991	463 225	463 225	445 770	441 570	474 322	503 816

MBRR Table A6 -Budgeted Financial Position

- Call investments deposits
  The statement of financial position reflects a positive cash position of R7.001 million as well as call investments amounting to R13.495 million for the 2020/2021 financial year.
- Consumer debtors of R15.533 million for 2020/2021 financial year

- Property, plant and equipment is reflecting a healthy asset base of R445.563 million for 2020/2021, R460.121 million and R480.048 million for the outer years
- Trade and other payables reflects R5.951 million for the 2020/2021 financial year
- Provisions non-current are estimated at R13.900 million for the 2020/2021 financial year
- The Statement of Financial Position reflects a healthy accumulated surplus of R441.570 million, R474.322 million and R503.816 million for the outer years.

MBRR Table A7 - Budgeted Cash Flow Statement

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		19 853	5 212	4 527	4 050	5 084	5 084	5 084	9 167	5 240	5 240
Service charges		–	28 359	16 903	18 294	20 289	20 289	20 289	26 540	28 604	28 604
Other revenue		–	–	–	4 903	11 878	11 878	11 878	12 048	13 021	13 021
Transfers and Subsidies - Operational	1	132 075	121 754	123 751	133 306	135 976	135 976	135 976	141 127	149 122	149 122
Transfers and Subsidies - Capital	1	26 170	34 557	45 892	31 848	32 738	32 738	32 738	33 484	35 837	35 837
Interest		7 021	1 183	870	8 747	1 147	1 147	1 147	1 200	1 202	1 202
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(147 261)	(161 288)	(151 665)	(166 161)	(146 644)	(146 644)	(146 644)	(174 739)	(183 295)	(187 959)
Finance charges		(1 363)	(50)	(1 586)	(271)	(271)	(271)	(271)	(280)	(294)	(309)
Transfers and Grants	1	(14 584)		(10 933)	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		21 911	29 727	27 759	34 716	60 198	60 198	60 198	48 547	49 438	44 759
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	115	22	–	22 000	22 000	22 000	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(36 844)	(36 756)	(43 950)	–	–	–	–	(33 553)	(35 564)	(37 361)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 844)	(36 641)	(43 928)	–	22 000	22 000	22 000	(33 553)	(35 564)	(37 361)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(353)	(353)	(369)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(353)	(353)	(369)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(15 285)	(7 268)	(16 538)	34 716	82 198	82 198	82 198	14 994	13 874	7 398
Cash/cash equivalents at the year begin:	2	28 419	13 134	5 866	–	–	–	–	5 500	20 494	34 368
Cash/cash equivalents at the year end:	2	13 134	5 866	(10 672)	34 716	82 198	82 198	82 198	20 494	34 368	41 767

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2020/2021 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents were estimated to total R82.198 million in 2019/2020 financial year and decreases significantly to R20.494 million as at the end of the 2020/2021 financial year.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	13 134	5 866	(10 672)	34 715	82 198	82 198	82 198	20 494	34 368	41 767
Other current investments > 90 days		0	(0)	14 817	53 605	(78 671)	(78 671)	(74 898)	1	4	8
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		13 134	5 856	4 145	88 321	3 527	3 527	7 300	20 495	34 372	41 775
Application of cash and investments											
Unspent conditional transfers		–	–	–	1	788	788	788	–	–	0
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	4 852	4 444	13 528	(2 731)	6 835	6 835	(20 221)	(8 860)	(13 855)	(17 323)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4 852	4 444	13 528	(2 730)	7 624	7 624	(19 432)	(8 860)	(13 855)	(17 323)
Surplus(shortfall)		8 282	1 422	(9 384)	91 051	(4 097)	(4 097)	26 733	29 355	48 227	59 098

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded and aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

ASSET REGISTER SUMMARY - PPE (W	5	441 872	489 476	451 222	451 222	449 947	464 877	484 776
Roads Infrastructure		11 420	32 215	34 751	34 751	49 302	65 146	57 196
Storm water Infrastructure		–	6 152	6 109	6 109	6 665	977	1 062
Electrical Infrastructure		295	647	596	596	6 007	2 051	1 252
Solid Waste Infrastructure		171	350	350	350	500	0	0
Infrastructure		*11 886*	*39 364*	*41 807*	*41 807*	*62 474*	*68 174*	*59 510*
Community Assets		22 134	14 339	10 397	10 397	4 340	6 192	1 899
Heritage Assets		183	183	183	183	183	183	183
Investment properties		4 149	4 543	4 149	4 149	4 149	4 149	4 149
Other Assets		8 983	2 066	392	392	212	547	157
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		401	556	401	401	452	424	396
Computer Equipment		–	182	204	204	240	408	163
Furniture and Office Equipment		–	860	1 234	1 234	1 864	2 234	2 291
Machinery and Equipment		393 087	426 594	390 763	390 763	373 401	380 760	414 199
Transport Assets		–	790	1 662	1 662	2 631	1 807	1 830
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		1 049	–	31	31	–	–	–
TOTAL ASSET REGISTER SUMMARY -	5	441 872	489 476	451 222	451 222	449 947	464 877	484 776
EXPENDITURE OTHER ITEMS		27 654	29 853	28 337	28 337	22 804	28 112	29 069
Depreciation	7	24 223	24 256	24 256	24 256	19 384	20 353	21 371
Repairs and Maintenance by Asset Cl	3	3 431	5 597	4 081	4 081	3 420	7 758	7 698
Roads Infrastructure		528	636	200	200	–	–	–
Storm water Infrastructure		34	1 517	1 507	1 507	500	1 000	1 000
Electrical Infrastructure		257	460	570	570	440	1 707	1 568
Infrastructure		*818*	*2 613*	*2 278*	*2 278*	*940*	*2 707*	*2 568*
Community Facilities		1 312	914	454	454	640	1 134	1 095
Sport and Recreation Facilities		(137)	60	20	20	–	–	–
Community Assets		*1 175*	*974*	*474*	*474*	*640*	*1 134*	*1 095*
Heritage Assets		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Operational Buildings		540	654	300	300	300	300	300
Housing		–	–	–	–	–	–	–
Other Assets		*540*	*654*	*300*	*300*	*300*	*300*	*300*
Biological or Cultivated Assets		–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		85	130	200	200	–	–	–
Intangible Assets		*85*	*130*	*200*	*200*	–	–	–
Computer Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–
Machinery and Equipment		187	246	67	67	345	1 150	1 150
Transport Assets		625	980	762	762	1 195	2 467	2 586
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		27 654	29 853	28 337	28 337	22 804	28 112	29 069
Renewal and upgrading of Existing Assets as %		*50,7%*	*64,7%*	*68,8%*	*68,8%*	*92,8%*	*96,1%*	*64,5%*
Renewal and upgrading of Existing Assets as %		*92,0%*	*93,2%*	*98,7%*	*98,7%*	*160,7%*	*167,9%*	*112,7%*
R&M as a % of PPE		*0,8%*	*1,2%*	*0,9%*	*0,9%*	*0,8%*	*1,7%*	*1,6%*
Renewal and upgrading and R&M as a % of PPE		*6,0%*	*6,0%*	*6,0%*	*6,0%*	*8,0%*	*9,0%*	*7,0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. Asset management shows that the municipality has 0.8% to repairs and maintenance as a percentage of PPE and 15% as a percentage of operating expenditure. The municipality provides for 8% in terms of the Renewal and upgrading of existing assets.
4. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until there is a way or accounting reform that allows the municipality to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog. The implementation of mSCOA and the costing segment will assist in this regard but for now as the costing segment is not yet fully implemented it is still difficult to align all repairs and maintenance expenditure to that cost driver.

5. MBRR Table A10–Basic Service Delivery Measurement

EC136 Emalahleni (Ec) - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	1 700	2 900	2 900	2 900	3 190	3 346	3 514
Refuse (removed once a week for indigent households)		-	-	(1 509)	2 000	2 000	2 000	2 200	2 308	2 423
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	191	4 900	4 900	4 900	5 390	5 654	5 937
Highest level of free service provided per household										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		-	-	2	1 050	1 780	1 780	1 958	2 054	2 156
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		-	-	2	1 050	1 780	1 780	1 958	2 054	2 156

Part 2 – Supporting Documentation

1.7 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Head Councillor of Financial Services/Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2019.

1.7.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/2021 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.7.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/2021 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/2021 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93 and 94 has been taken into consideration in the planning and prioritisation process.

1.8 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2019/20 Financial Year	2020/21 MTREF
1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	1. To provide, improve and maintain provision of basic services to local communities and/or households by June 2022
2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	2. To promote, facilitate and improve sustainable local economic development through identification and implementation of local economic development programmes by June 2022
3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	3. To ensure a developmentally orientated planning institution in compliance with legislative prescripts, laws and regulations applicable to local government

4. To have a transparent and performance driven organisation (KPA Good governance and public participation)	4. to ensure development and implementation of improved system of communication, customer care, public participation and good governance in line with applicable laws and regulations to achieve clean administration by June 2022
5. To implement good financial management (KPA Financial management and viability)	5. To maintain and improve financial viability of the municipality by June 2022

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3.To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

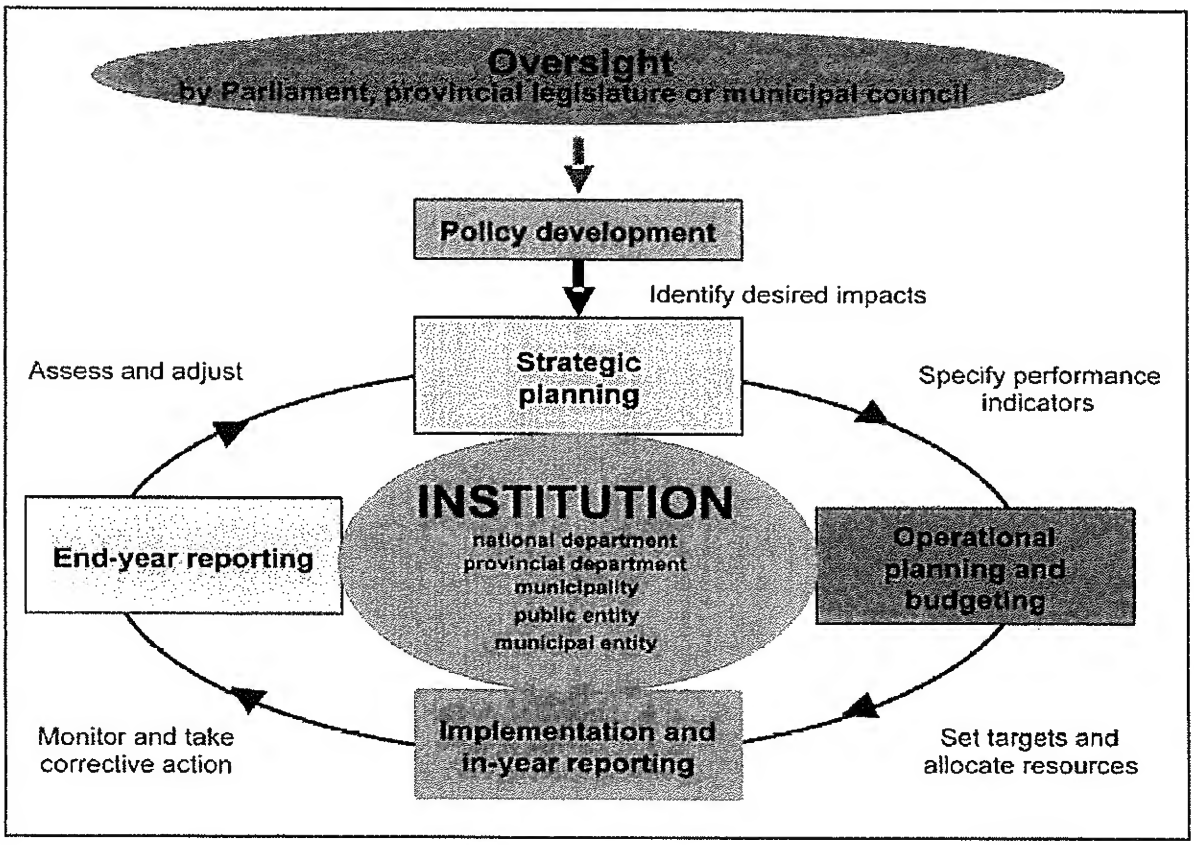
Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP.

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

1.9 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA8 - Performance indicators and benchmark

EC136 Emalahleni (Ec) - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,9%	1,1%	0,9%	0,1%	0,1%	0,1%	1,2%	0,1%	0,1%	0,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5,6%	7,2%	5,1%	0,7%	0,5%	0,5%	2,0%	0,5%	0,5%	0,5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	1,1	0,6	0,5	2,1	0,4	0,4	0,4	1,2	1,8	2,2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,1	0,6	0,5	2,1	0,4	0,4	0,4	1,2	1,8	2,2
Liquidity Ratio	Monetary Assets/Current Liabilities	0,3	0,2	0,1	1,0	0,1	0,1	0,2	0,7	1,1	1,4
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		104,8%	176,6%	80,1%	82,5%	73,5%	73,5%	0,0%	99,6%	89,9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		104,8%	176,6%	80,1%	82,5%	73,5%	73,5%	0,0%	99,6%	89,9%	85,6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20,5%	8,4%	13,4%	51,9%	6,1%	6,1%	7,6%	7,6%	9,7%	10,9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		227,5%	338,2%	-239,2%	176,6%	18,6%	18,6%	18,6%	29,0%	11,8%	5,8%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	40,7%	49,2%	50,2%	53,5%	41,1%	41,1%	0,0%	46,7%	47,2%	48,2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	67,7%	61,1%	59,7%	46,8%	46,8%		53,5%	54,4%	55,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	2,1%	3,1%	2,1%	2,1%		1,7%	3,7%	3,6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13,5%	15,8%	16,1%	13,7%	12,8%	12,8%	0,2%	9,8%	9,9%	10,1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19,9	23,3	4,4	35,6	35,6	35,6	11,4	43,2	45,4	47,7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	169,3%	64,6%	77,3%	326,4%	32,4%	32,4%	792,4%	42,3%	52,1%	57,4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,1	0,5	(0,8)	2,6	7,1	7,1	46,5	1,5	2,3	2,7

References

1 Consumer debtors > 12 months old are excluded from current assets

2 Only include if services provided by the municipality

Calculation data										
Debtors > 90 days										
Monthly fixed operational expenditure	11 478	11 583	13 250	13 239	11 571	11 571	1 766	14 047	14 808	15 189
Fixed operational expenditure % assumption	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%
Own capex	-	-	4 150	2 716	2 070	2 070	2 070	1 900	1 390	651
Borrowing	-	-	-	-	-	-	-	-	-	-

1.9.1 Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2020/21 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ration is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 percent increasing to 0.2 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing in the 2020/21 and no other borrowings are planned over the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2020/21 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.9.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is 0.0 % well below the norm, indicating a strong financial position.

- *The gearing ratio* is a measure of the total long-term borrowings over funds and reserves.

1.9.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2020/21 MTREF the current ratio is 1.1, this is lower than the set limit. Going forward it will be good financial practices if these levels can be improved.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/21 financial year the ratio was 0.9 and it increases to 1.4 and 1.4 percent for the outer years of the MTREF which is an indication of a financially distressed Municipality, management will need to dramatically cut on expenditure and non-obligatory commitments in order to be able to improve the cashflow and financial health of the municipality.

1.9.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears more than 90 days.

1.9.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.9.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.

- Employee costs as a percentage of operating revenue is constantly growing over the MTREF. This is primarily owing to the high employee costs which are growing on an annual basis, the municipality has taken an approach to either cut expenditure or keep it in line with prior year budget, however employee costs cannot be cut, the increases in revenue are therefore consumed by the growing employee costs, hence the employee costs percent against revenue has remained constant.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.9.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 3900 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.10 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. In addition, emphasis was placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 60 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.10.3 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed presented to Council in May 2019. Any amendments policy to the policy will be considered by Council when it arises of which the amendments will be extensively consulted on.

1.10.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative

framework of the MFMA and the Municipality's system of delegations. The amended policy to accommodate the requirements of mSCOA was workshopped and presented to Council in May 2019 and is expected to be adopted before the end of the financial year to be implemented in the 2020/2021 financial year.

1.10.5 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.10.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the website and at the main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.11 Overview of budget assumptions

1.11.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2020 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.11.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2020/2021 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.11.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.11.4 Interest rates for borrowing and investment of funds

The municipality expected that interest rates will be adjusted slightly upwards during the MTREF period and it has been budget for as such.

1.11.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as an averaged percentage 42 per cent) of annual billings. Cash flow is assumed to be on average 42 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.11.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.7 Salary increases

An 6% increase have been provided for Councillors, a provision of 6.25% increase for all staff has been made for employee related costs in line with the SALBC Multi Year Wage Collective. Employee related costs including councillor allowances now represent 55% of operating expenditure which is above NT maximum of 40%. The municipality will continue to improve its revenue enhancement and delay filling of non- crucial posts to ensure the percentage is brought down and maintained under control.

1.11.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;

- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

1.12 Overview of budget funding

1.12.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

1.12.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		19 853	5 212	4 527	4 050	5 084	5 084	5 084	9 167	5 240	5 240
Service charges		–	28 359	16 903	18 294	20 289	20 289	20 289	26 540	28 604	28 604
Other revenue		–	–	–	4 903	11 878	11 878	11 878	12 048	13 021	13 021
Transfers and Subsidies - Operational	1	132 075	121 754	123 751	133 306	135 976	135 976	135 976	141 127	149 122	149 122
Transfers and Subsidies - Capital	1	26 170	34 557	45 892	31 848	32 738	32 738	32 738	33 484	35 837	35 837
Interest		7 021	1 183	870	8 747	1 147	1 147	1 147	1 200	1 202	1 202
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(147 261)	(161 288)	(151 665)	(166 161)	(146 644)	(146 644)	(146 644)	(174 739)	(183 295)	(187 959)
Finance charges		(1 363)	(50)	(1 586)	(271)	(271)	(271)	(271)	(280)	(294)	(309)
Transfers and Grants	1	(14 584)		(10 933)	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		21 911	29 727	27 759	34 716	60 198	60 198	60 198	48 547	49 438	44 759
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	115	22	–	22 000	22 000	22 000	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(36 844)	(36 756)	(43 950)	–	–	–	–	(33 553)	(35 564)	(37 361)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 844)	(36 641)	(43 928)	–	22 000	22 000	22 000	(33 553)	(35 564)	(37 361)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(353)	(353)	(369)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(353)	(353)	(369)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(15 285)	(7 268)	(16 538)	34 716	82 198	82 198	82 198	14 994	13 874	7 398
Cash/cash equivalents at the year begin:	2	28 419	13 134	5 866	–	–	–	–	5 500	20 494	34 368
Cash/cash equivalents at the year end:	2	13 134	5 866	(10 672)	34 716	82 198	82 198	82 198	20 494	34 368	41 767

1.12.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	13 134	5 866	(10 672)	34 716	82 198	82 198	82 198	20 494	34 368	41 767
Other current investments > 90 days		0	(0)	14 817	53 605	(78 671)	(78 671)	(74 898)	1	4	8
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		13 134	5 866	4 145	88 321	3 527	3 527	7 300	20 495	34 372	41 775
Application of cash and investments											
Unspent conditional transfers		–	–	–	1	788	788	788	–	–	0
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	4 852	4 444	13 528	(2 731)	6 835	6 835	(20 221)	(8 860)	(13 855)	(17 323)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4 852	4 444	13 528	(2 730)	7 624	7 624	(19 432)	(8 860)	(13 855)	(17 323)
Surplus(shortfall)		8 282	1 422	(9 384)	91 051	(4 097)	(4 097)	26 733	29 355	48 227	59 098

From the above table it can be seen that the cash and investments available total positive R20.495 million in the 2020/21 financial year and progressively increase to R34.372 million by 2021/22 and R41.775 million over the MTREF including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

1.12.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

EC136 Emalahleni (Ec) Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17 Audited Outcome	2017/18 Audited Outcome	2018/19 Audited Outcome	Current Year 2019/20 Original Budget	Current Year 2019/20 Adjusted Budget	Current Year 2019/20 Full Year Forecast	Current Year 2019/20 Pre-audit outcome	2020/21 Medium Term Revenue & Expenditure Framework Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	13 134	5 899	(10 572)	34 710	62 198	62 198	62 198	26 454	38 308	41 297
Cash + investments at the yr end less applications - R'000	18(1)b	2	8 282	1 422	(9 364)	51 051	(4 007)	20 733	20 733	20 366	48 227	50 086
Cash year end/monthly employee/supplier payments	18(1)b	3	1.1	0.1	(0.8)	2.5	2.1	40.6	1.6	2.3	2.3	2.2
Surplus(Deficit) excluding depreciations offsets - R'000	18(1)	4	2 824	(3 484)	(4 369)	14 447	32 632	32 632	101 521	43 664	38 606	40 585
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(0.8)%	31.3%	(4.2)%	21.3%	(5.0)%	(100.0)%	(2.1)%	(1.0)%	(1.0)%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	76.1%	(21.1)%	93.1%	105.7%	22.9%	17.4%	0.0%	99.2%	80.0%	84.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	81.1%	41.5%	46.0%	22.1%	17.4%	17.4%	0.0%	11.2%	11.2%	11.2%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	303.4%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - previous	18(1)a	11	N.A.	(82.8)%	81.7%	(10.0)%	(82.8)%	0.0%	0.0%	33.7%	20.6%	16.7%
Long term receivables % change - previous	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.8%	1.2%	1.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	41.3%	60.0%	116.1%

References
1 Positive contribution to cash after all maintenance completed = 'surplus' in 2
2 Cash / investments not committed (applications) after all obligations
3 Indicates ability to meet liquidity to meet average monthly operating payments
4 Indication of funded operational requirements
5 Indication of adherence to trend re revenue: targets (prior to 2020/21 revenue and available for high capacity municipalities and later for other capacity classifications)
6 Realistic average cash receipts forecasts as % of annual billed revenue
7 Realistic increase in revenue to debt requirement (doubtful debt) provisions
8 Indicates ability of planned capital expenditure level & cash-funded funding
9 Indicates ability / compliance with borrowing 'cap' for the capital budget - should not exceed 100% unless justifiable
10 Indicates ability of Municipality to allocate grants as per gazetted allocations
11 Indicates ability of realistic current arrear debtor collections (prior to 2020/21 revenue and available for high capacity municipalities and later for other capacity classifications)
12 Indicates ability of realistic long term arrear debtor collections (prior to 2020/21 revenue and available for high capacity municipalities and later for other capacity classifications)
13 Indicates ability of a credible allowance for repairs & maintenance of assets - functioning capital assets provides revenue protection
14 Indicates ability of a credible allowance for asset renewal (existing assets to cover 40 % of total capital projects - 'skilled' capital plan) - functioning assets provides protection

Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			(0.8)%	42.1%	1.1%	21.3%	0.0%	(100.0)%	1.1%	0.0%	0.0%
% incr Property Tax	18(1)a			25.2%	(13.1%)	(17.2%)	23.0%	0.0%	(100.0)%	10.0%	0.0%	0.0%
% incr Service charges - electricity revenue	18(1)a			(0.4%)	10.0%	0.0%	10.2%	0.0%	(100.0)%	(2.2%)	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			(2.5)%	(11.2)%	(14.1)%	0.0%	0.0%	(100.0)%	(0.3)%	0.0%	0.0%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		111 045	78 292	20 260	22 091	34 492	34 492		36 194	37 446	39 526
Service charges			111 045	78 292	20 260	22 091	34 492	34 492		36 194	37 446	39 526
Property rates			4 180	5 232	4 507	5 241	6 554	6 554		6 197	6 197	6 197
Service charges - electricity revenue			91 021	61 191	14 282	16 186	24 009	24 009		24 361	25 751	27 226
Service charges - water revenue												
Service charges - sanitation revenue			4 777	3 485	8 131	8 664	8 930	8 930		8 305	8 230	8 140
Service charges - refuse			727	815	804	1 400	1 400	1 400		1 331	1 331	1 331
Rental of facilities and equipment					4 110	2 210	2 070	2 070	2 070	1 190	1 190	1 190
Capital expenditure excluding capital grant funding			11 303	13 721	21 430	32 347	32 201	32 201	32 201	47 700	48 000	48 000
Cash receipts from ratepayers	18(1)a		85 424	57 004	90 151	93 693	91 293	91 293	12 212	91 171	92 992	95 318
Ratepayer & Other revenue	18(1)a		20 424	22 004	90 151	93 693	91 293	91 293	12 212	91 171	92 992	95 318
Change in consumer debtors (current and non-current)			(12 999)	(20 033)	8 210	21 847	(1 749)	(1 749)	(1 749)	(47 057)	4 588	3 184
Operating and Capital Grant Revenue	18(1)b		148 241	104 151	104 151	120 550	120 550	120 550	120 550	101 202	103 000	103 010
Capital expenditure - total	20(1)(vi)				43 040	64 011	64 806	64 806	64 806	47 700	48 000	101 010
Capital expenditure - renewal	20(1)(vi)				4 300	900	2 800	2 800	2 800	11 000	24 542	21 000
Supporting benchmarks												
Growth guideline maximum			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CPI guideline			4.9%	5.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.4%	5.0%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
Total Municipality grants												
Total gazetted/advised national, provincial and district grants												
Average annual collection rate (arrears inclusive)												

DoRA operations										141 010	145 033	144 869
Equitable Share										1 000	1 200	1 200
Finance Management Grant										1 000	1 200	1 200
MFG Operational Grant (EMG)										2 951		
EPWP										960	960	960
Library										111 224	117 020	0 409
INEP										148 249	164 102	157 364
MIG										33 410	35 824	37 849
										33 319	35 824	37 849

Trend												
Change in consumer debtors (current and non-current)			(12 999)	(20 033)	8 210	21 847	(1 749)	(1 749)	(1 749)			
Total Operating Revenue			182 880	160 504	160 007	179 017	191 355	191 355	152 358	200 714	206 685	214 642
Total Operating Expenditure			185 677	190 724	210 014	165 016	165 366	166 366	32 683	166 814	206 590	214 541
Operating Performance Surplus/(Deficit)			(25 297)	(40 139)	(49 807)	13 001	25 989	25 989	119 675	33 900	75	101
Cash and Cash Equivalents (30 June 2012)										20 454		
Revenue												
% increase in Total Operating Revenue				(7.4)%	0.3%	12.1%	0.0%	0.0%	(20.4)%	4.1%	4.0%	2.0%
% increase in Property Rates Revenue				25.2%	(13.1%)	(12.2%)	23.0%	0.0%	(100.0)%	10.0%	0.0%	0.0%
% increase in Electricity Revenue				(0.4%)	10.0%	0.0%	10.2%	0.0%	(100.0)%	(2.2%)	0.0%	0.0%
% increase in Property Rates & Services Charges				(0.1%)	(4.2%)	1.2%	22.3%	0.0%	(100.0%)	1.5%	0.0%	0.0%
Expenditure												
% increase in Total Operating Expenditure				2.8%	10.1%	(21.3%)	(0.9%)	0.0%	(82.6%)	0.7%	4.1%	2.1%
% increase in Employee Costs				12.1%	8.5%	10.5%	(15.2%)	0.0%	(100.0%)	11.2%	5.0%	5.1%
% increase in Electricity Bulk Purchases				(0.1%)	(24.6%)	(15.6%)	(15.6%)	0.0%	(100.0%)	2.5%	5.0%	5.1%
Average Cost Per Bulk Electricity Purchase (Rand/cent)					43.44/84.0833	41.98/83.4167	41.98/83.4167			43.98/82.4412		
Average Cost Per Employee (Remuneration)					3024.94/8844	41.98/83.4788				43.98/82.4412		
R&M % of PPE			0.0%	0.0%	0.0%	1.2%	0.0%	0.0%		0.8%	1.2%	1.0%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%
Total Borrowing % of Total Liability (Revenue)			30.1%	43.0%	46.0%	22.1%	17.4%	17.4%		11.2%	11.2%	11.2%
Capital Revenue												
Internally Funded & Other (R'000)					1 764	2 210	2 070	2 070	2 070	1 190	1 190	951
Borrowing (R'000)					157							
Grant Funding and Other (R'000)					39 749	62 136	62 736	62 736	62 736	11 951	34 174	17 710
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	15.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	11.0%	12.9%	04.1%	04.1%	04.1%	10.0%	10.1%	00.5%
Capital Expenditure												
Total Capital Programme (R'000)					43 040	64 011	64 806	64 806	64 806	47 700	48 000	10 301
Asset Renewal					29 261	29 902	29 961	29 961	29 961	31 951	36 174	24 000
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	61.0%	04.7%	00.0%	00.0%	00.0%	12.0%	10.1%	101.2%
Cash												
Cash Receipts % of Rate Payer & Other			20.1%	121.5%	00.1%	00.2%	22.0%	22.0%	00.1%	10.2%	00.0%	04.2%
Cash Coverage Ratio			0	0	(0)	0	0	0	0	1	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.0%	1.1%	0.0%	0.1%	0.1%	0.1%	1.2%	0.1%	0.1%	0.1%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			8 282	1 422	(9 364)	51 051	(4 007)	20 733		20 366	48 227	50 086
Free Services												
Free Basics Services as a % of Equitable Share			0.0%	0.0%	0.2%	1.4%	1.4%	1.4%		1.1%	1.1%	1.1%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	2.0%	1.4%	1.4%		1.0%	1.0%	1.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			182 880	160 504	160 007	179 017	191 355	191 355	152 358	200 714	206 685	214 642
Total Operating Expenditure			185 677	190 724	210 014	165 016	165 366	166 366	32 683	166 814	206 590	214 541
Surplus/(Deficit) Budgeted Operating Statement			(25 297)	(40 139)	(49 807)	13 001	25 989	25 989	119 675	33 900	75	101
Surplus/(Deficit) Considering Reserves and Cash Backing			8 282	1 422	(9 364)	51 051	(4 007)	20 733		20 366	48 227	50 086
MTREF Funded (1) / Unfunded (0)		15	1	1	0	1	0	0	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✗	✓	✗	✗	✓	✓	✓	✓

1.13 Councillor and employee benefits :MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (Ec) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		14 688	12 266	11 695	11 626	11 626	13 070	13 657	14 248
Cellphone Allowance		853	549	1 669	1 599	1 599	1 268	1 383	1 521
Other benefits and allowances		–	–	706	706	706	–	–	–
Sub Total - Councillors		15 541	12 814	14 070	13 931	13 931	14 339	15 039	15 769
% Increase	4	–	(17,5%)	9,8%	(1,0%)	–	2,9%	4,9%	4,8%
Senior Managers of the Municipality	2								
Basic Salaries and Wages		8 394	7 463	9 613	7 746	7 746	10 694	11 053	11 766
Pension and UIF Contributions		11	117	12	10	10	11	12	13
Overtime		830	–	–	–	–	–	–	–
Performance Bonus		1 138	(1 094)	1 336	200	200	1 442	1 554	1 718
Motor Vehicle Allowance	3	869	–	–	–	–	–	–	–
Cellphone Allowance	3	–	33	–	–	–	–	–	–
Other benefits and allowances	3	218	339	56	0	0	1	1	1
Long service awards		280	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	587	(9)	649	109	109	–	–	–
Sub Total - Senior Managers of Municipality		12 327	6 849	11 665	8 066	8 066	12 147	12 619	13 497
% Increase	4	–	(44,4%)	70,3%	(30,9%)	–	50,6%	3,9%	7,0%
Other Municipal Staff									
Basic Salaries and Wages		59 966	54 653	56 785	47 787	47 787	54 940	57 034	58 945
Pension and UIF Contributions		7 880	5 475	9 531	7 957	7 957	9 576	10 263	11 015
Medical Aid Contributions		2 529	3 304	2 900	2 769	2 769	3 526	3 879	4 266
Overtime		450	1 390	1 695	1 348	1 348	2 250	2 504	2 527
Performance Bonus		–	5 389	4 199	3 147	3 147	5 372	5 829	6 278
Motor Vehicle Allowance	3	2 441	4 409	4 335	2 716	2 716	4 548	4 793	5 265
Cellphone Allowance	3	255	641	680	968	968	529	575	629
Housing Allowances	3	114	943	249	169	169	168	185	203
Other benefits and allowances	3	340	771	411	399	399	768	834	907
Payments in lieu of leave		150	650	273	273	273	–	–	–
Long service awards		–	501	436	66	66	–	–	–
Post-retirement benefit obligations	6	–	88	–	–	–	–	–	–
Sub Total - Other Municipal Staff		74 124	78 214	81 492	67 599	67 599	81 677	85 896	90 035
% Increase	4	–	5,5%	4,2%	(17,0%)	–	20,8%	5,2%	4,8%
Total Parent Municipality		101 992	97 877	107 227	89 596	89 596	108 163	113 554	119 302
		–	(4,0%)	9,6%	(16,4%)	–	20,7%	5,0%	5,1%
Board Members of Entities									
Basic Salaries and Wages									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–
% Increase	4	–	–	–	–	–	–	–	–
Senior Managers of Entities									
Basic Salaries and Wages									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–
% Increase	4	–	–	–	–	–	–	–	–
Other Staff of Entities									
Basic Salaries and Wages									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–
% Increase	4	–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		101 992	97 877	107 227	89 596	89 596	108 163	113 554	119 302
% Increase	4	–	(4,0%)	9,6%	(16,4%)	–	20,7%	5,0%	5,1%
TOTAL MANAGERS AND STAFF	5,7	86 451	85 063	93 157	75 665	75 665	93 824	98 515	103 533

1.14 Monthly targets for revenue, expenditure and cash flow
MBRR SA25 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (Ec) - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		–	9 167	–	–	–	–	–	–	–	–	–	–	9 167	9 625	10 107
Service charges - electricity revenue		766	766	766	766	766	766	766	766	1 533	1 533	1 533	7 663	18 391	19 311	20 276
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		173	173	173	346	346	346	346	588	588	1 452	1 452	2 315	8 295	8 710	9 146
Rental of facilities and equipment		–	–	–	79	79	79	115	115	115	79	79	208	949	996	1 046
Interest earned - external investments		62	62	62	124	124	124	176	176	176	124	124	458	1 792	1 881	1 975
Interest earned - outstanding debtors		168	168	168	335	335	335	503	503	838	1 005	838	241	5 435	5 706	5 992
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		6	6	6	11	11	11	34	34	34	17	17	17	202	212	222
Licences and permits		123	123	123	123	246	246	246	713	713	713	713	346	4 429	4 651	4 883
Agency services		121	121	121	121	121	121	121	121	121	121	121	121	1 457	1 529	1 606
Transfers and subsidies		49 583	–	–	–	–	49 583	–	–	49 583	–	–	(0)	148 749	154 102	157 351
Other revenue		46	46	46	92	92	92	90	230	230	230	230	427	1 849	1 941	2 038
Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		51 048	10 832	1 465	1 997	2 121	51 704	2 397	3 245	53 930	5 273	5 106	11 798	200 714	208 665	214 842
Expenditure By Type																
Employee related costs		7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	93 824	98 515	103 533
Remuneration of councillors		1 229	1 229	1 229	1 229	1 229	1 229	1 229	1 229	1 229	1 229	1 229	1 229	14 749	15 487	16 261
Debt impairment		333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 200	4 410
Depreciation & asset impairment		1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	19 384	20 353	21 371
Finance charges		23	23	23	23	23	23	23	23	23	23	23	23	280	294	309
Bulk purchases		1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	14 300	15 015	15 766
Other materials		368	368	368	368	368	368	368	368	368	368	368	368	4 421	2 986	3 053
Contracted services		2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	34 165	37 164	34 725
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	13 690	14 574	15 113
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	198 814	208 590	214 541
Surplus/(Deficit)		34 480	(5 936)	(15 103)	(14 570)	(14 447)	35 136	(14 171)	(13 323)	37 362	(11 295)	(11 462)	(4 770)	1 900	75	101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	31 653	35 564	35 564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		37 117	(3 298)	(12 466)	(11 933)	(11 810)	37 774	(11 533)	(10 685)	40 000	(8 657)	(8 824)	(2 133)	33 553	35 639	35 666
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	37 117	(3 298)	(12 466)	(11 933)	(11 810)	37 774	(11 533)	(10 685)	40 000	(8 657)	(8 824)	(2 133)	33 553	35 639	35 666

EC136 Emalahleni (Ec) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - Executive and council		2 418	–	–	–	–	2 418	–	–	2 418	–	–	–	7 254	7 554	7 867
Vote 2 - Corporate Services		–	–	–	–	–	0	–	–	–	–	–	(0)	–	–	–
Vote 3 - Budget and Treasury		47 807	–	–	–	–	48 108	–	–	47 807	–	–	0	143 722	152 289	159 148
Vote 4 - PEDTA		(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(1 954)	(2 049)	(2 152)
Vote 5 - Community Services and Social Services		524	524	524	1 049	1 049	1 049	2 621	2 621	2 621	2 621	2 621	649	18 474	19 355	20 275
Vote 6 - Infrastructure Development and Human Settlement		11 473	3 383	3 383	3 383	3 383	11 473	3 383	3 383	11 473	3 383	3 383	3 387	64 870	67 080	65 067
Total Revenue by Vote		62 060	3 745	3 745	4 269	4 269	62 885	5 841	5 841	64 156	5 841	5 841	3 874	232 367	244 229	250 206
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		2 541	2 541	2 541	2 541	2 541	2 541	2 541	2 541	2 541	2 541	2 541	2 541	30 492	32 126	33 891
Vote 2 - Corporate Services		2 261	2 261	2 261	2 261	2 261	2 261	2 261	2 261	2 261	2 261	2 261	2 261	27 128	25 846	27 186
Vote 3 - Budget and Treasury		2 631	2 631	2 631	2 631	2 631	2 631	2 631	2 631	2 631	2 631	2 631	2 631	31 567	33 156	34 064
Vote 4 - PEDTA		601	601	601	601	601	601	601	601	601	601	601	601	7 217	7 824	8 262
Vote 5 - Community Services and Social Services		2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	2 833	33 991	37 554	39 515
Vote 6 - Infrastructure Development and Human Settlement		5 702	5 702	5 702	5 702	5 702	5 702	5 702	5 702	5 702	5 702	5 702	5 702	68 419	72 084	71 622
Total Expenditure by Vote		16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	198 814	208 590	214 541
Surplus/(Deficit) before assoc.		45 492	(12 823)	(12 823)	(12 299)	(12 299)	46 318	(10 727)	(10 727)	47 588	(10 727)	(10 727)	(12 694)	33 553	35 639	35 666
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	45 492	(12 823)	(12 823)	(12 299)	(12 299)	46 318	(10 727)	(10 727)	47 588	(10 727)	(10 727)	(12 694)	33 553	35 639	35 666

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC136 Emalahleni (Ec) - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional																
Governance and administration		50 166	2 589	2 589	2 589	2 589	32 327	2 589	2 589	44 234	2 589	2 589	605	148 065	156 789	163 809
Executive and council		605	605	605	605	605	605	605	605	605	605	605	605	7 254	7 554	7 867
Finance and administration		49 583	1 984	1 984	1 984	1 984	31 723	1 984	1 984	43 630	1 984	1 984	–	140 811	149 235	155 942
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		211	211	211	211	211	211	211	211	211	211	211	211	2 529	2 610	2 693
Community and social services		119	119	119	119	119	119	119	119	119	119	119	119	1 433	1 459	1 484
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Public safety		91	91	91	91	91	91	91	91	91	91	91	91	1 091	1 144	1 202
Housing		0	0	0	0	0	0	0	0	0	0	0	0	3	4	4
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		10 841	232	370	370	370	10 717	185	370	11 217	370	370	111	35 523	37 481	37 584
Planning and development		10 841	232	370	370	370	10 717	185	370	11 217	370	370	111	35 523	37 481	37 584
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		8 246	5 801	3 356	3 356	3 356	3 356	910	2 133	2 133	2 133	2 133	3 356	40 267	41 067	39 524
Energy sources		7 336	4 891	2 445	2 445	2 445	2 445	–	1 223	1 223	1 223	1 223	2 445	29 344	29 596	27 479
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		910	910	910	910	910	910	910	910	910	910	910	910	10 922	11 471	12 045
Other		499	499	499	499	499	499	499	499	499	499	499	499	5 983	6 282	6 596
Total Revenue - Functional		69 984	9 331	7 024	7 024	7 024	47 109	4 394	5 801	58 293	5 801	5 801	4 780	232 367	244 229	250 206
			15 178	10 563	10 563	10 563	60 995	5 302	8 118	71 457	8 118	8 118				
Expenditure - Functional																
Governance and administration		7 987	7 987	7 987	7 987	7 987	7 987	7 987	7 987	7 987	7 987	7 987	7 987	95 847	99 272	103 879
Executive and council		2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	28 252	29 878	31 451
Finance and administration		5 456	5 456	5 456	5 456	5 456	5 456	5 456	5 456	5 456	5 456	5 456	5 456	65 471	67 282	70 133
Internal audit		177	177	177	177	177	177	177	177	177	177	177	177	2 124	2 112	2 296
Community and public safety		1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	16 785	18 101	19 123
Community and social services		938	938	938	938	938	938	938	938	938	938	938	938	11 261	12 305	12 913
Sport and recreation		169	169	169	169	169	169	169	169	169	169	169	169	2 027	2 295	2 428
Public safety		144	144	144	144	144	144	144	144	144	144	144	144	1 724	1 737	1 846
Housing		148	148	148	148	148	148	148	148	148	148	148	148	1 773	1 764	1 936
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		3 538	3 538	3 538	3 538	3 538	3 538	3 538	3 538	3 538	3 538	3 538	3 538	42 453	44 002	45 968
Planning and development		3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	39 717	43 292	45 188
Road transport		228	228	228	228	228	228	228	228	228	228	228	228	2 736	710	781
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		3 373	3 373	3 373	3 373	3 373	3 373	3 373	3 373	3 373	3 373	3 373	3 373	40 477	43 599	41 780
Energy sources		2 549	2 549	2 549	2 549	2 549	2 549	2 549	2 549	2 549	2 549	2 549	2 549	30 586	32 718	30 499
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		42	42	42	42	42	42	42	42	42	42	42	42	500	1 000	1 000
Waste management		783	783	783	783	783	783	783	783	783	783	783	783	9 391	9 881	10 281
Other		271	271	271	271	271	271	271	271	271	271	271	271	3 252	3 616	3 791
Total Expenditure - Functional		16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	16 568	198 814	208 590	214 541
Surplus/(Deficit) before assoc.		53 416	(7 237)	(9 544)	(9 544)	(9 544)	30 542	(12 174)	(10 767)	41 726	(10 767)	(10 767)	(11 788)	33 553	35 639	35 666
Share of surplus/ (deficit) of associate		(46 541)	–	–	–	–	(44 502)	–	–	(25 377)	–	–	116 420	–	–	–
Surplus/(Deficit)	1	6 876	(7 237)	(9 544)	(9 544)	(9 544)	(13 960)	(12 174)	(10 767)	16 348	(10 767)	(10 767)	104 632	33 553	35 639	35 666

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC136 Emalahleni (Ec) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Budget and Treasury		16	16	16	16	16	16	16	16	16	16	16	16	190	350	100
Vote 4 - PEDTA		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Community Services and Social Services		285	285	285	285	285	285	285	285	285	285	285	285	3 422	4 875	30
Vote 6 - Infrastructure Development and Human Settlement		2 362	2 362	2 362	2 362	2 362	2 362	2 362	2 362	2 362	2 362	2 362	2 362	23 341	29 729	17 710
Vote 7 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	2 663	2 663	2 663	2 663	2 663	2 663	2 663	2 663	2 663	2 663	2 663	2 663	31 953	34 954	17 840
Single-year expenditure *to be appropriated*																
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Corporate Services		17	17	17	17	17	17	17	17	17	17	17	17	200	210	221
Vote 3 - Budget and Treasury		117	117	117	117	117	117	117	117	117	117	117	117	1 400	400	300
Capital single-year expenditure sub-total	2	133	133	133	133	133	133	133	133	133	133	133	133	1 600	610	521
Total Capital Expenditure	2	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	33 553	35 564	18 361

*MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC136 Emalahleni (Ec) - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
Governance and administration		149	149	149	149	149	149	149	149	149	149	149	149	1 790	1 360	621
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		149	149	149	149	149	149	149	149	149	149	149	149	1 790	1 360	621
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		244	244	244	244	244	244	244	244	244	244	244	244	2 922	4 475	30
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		244	244	244	244	244	244	244	244	244	244	244	244	2 922	4 475	30
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	17 531	28 829	17 710
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	17 531	28 829	17 710
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		943	943	943	943	943	942	943	943	943	943	943	943	11 310	900	–
Energy sources		417	417	417	417	417	417	417	417	417	417	417	417	5 000	900	–
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		484	484	484	484	484	484	484	484	484	484	484	484	5 810	–	–
Waste management		42	42	42	42	42	42	42	42	42	42	42	42	500	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	33 553	35 564	18 361
Funded by:																
National Government		2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	31 653	34 174	17 710
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	2 638	31 653	34 174	17 710
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		158	158	158	158	158	158	158	158	158	158	158	158	1 900	1 390	651
Total Capital Funding		2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	2 796	33 553	35 564	18 361

MBRR SA30 - Budgeted monthly cash

EC136 Emalahleni (Ec) - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	453	453	1 453	653	1 453	603	373	483	1 253	503	953	531	9 167	5 240	5 240
Service charges - electricity revenue	705	1 005	2 005	1 105	2 205	1 305	905	1 205	1 905	2 105	1 405	1 005	16 858	18 170	18 170
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	396	774	664	634	726	1 524	452	678	876	1 236	738	984	9 682	10 434	10 434
Rental of facilities and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments	100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 202	1 202
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	23	23	23	23	23	23	23	23	23	23	23	23	277	297	297
Licences and permits	311	311	311	311	311	311	311	311	311	311	311	311	3 736	4 075	4 075
Agency services	291	291	291	291	291	291	291	291	291	291	291	291	3 491	3 881	3 881
Transfers and Subsidies - Operational	54 500	500	4 000	–	800	48 500	–	700	32 127	–	–	–	141 127	149 122	149 122
Other revenue	379	379	379	379	379	379	379	379	379	379	379	379	4 545	4 768	4 768
Cash Receipts by Source	57 158	3 836	9 226	3 496	6 288	53 036	2 834	4 170	37 265	4 948	4 200	3 624	190 083	197 190	197 190
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	13 194	–	–	–	–	11 719	–	–	8 571	–	–	–	33 484	35 837	35 837
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	70 352	3 836	9 226	3 496	6 288	64 756	2 834	4 170	45 836	4 948	4 200	3 624	223 567	233 027	233 027
Cash Payments by Type															
Employee related costs	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	7 819	93 824	98 515	103 533
Remuneration of councillors	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	14 339	15 039	15 769
Finance charges	23	23	23	23	23	23	23	23	23	23	23	23	280	294	309
Bulk purchases - Electricity	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	1 192	14 300	15 015	15 766
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	368	368	368	368	368	368	368	368	368	368	368	368	4 421	2 986	3 053
Contracted services	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	34 165	37 164	34 725
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	13 690	14 574	15 113
Cash Payments by Type	14 585	14 585	14 585	14 585	14 585	14 585	14 585	14 585	14 585	14 585	14 585	14 585	175 019	183 589	188 267
Other Cash Flows/Payments by Type															
Capital assets	5 181	5 150	5 419	3 841	3 243	1 623	2 137	1 989	1 828	1 189	1 204	748	33 553	35 564	37 361
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	19 765	19 735	20 004	18 426	17 828	16 208	16 722	16 574	16 413	15 774	15 789	15 333	208 572	219 153	225 628
NET INCREASE/(DECREASE) IN CASH HELD	50 586	(15 899)	(10 778)	(14 930)	(11 540)	48 548	(13 888)	(12 404)	29 423	(10 826)	(11 589)	(11 709)	14 994	13 874	7 398
Cash/cash equivalents at the month/year begin:	5 500	56 086	40 188	29 410	14 480	2 940	51 488	37 600	25 195	54 618	43 792	32 203	5 500	20 494	34 368
Cash/cash equivalents at the month/year end:	56 086	40 188	29 410	14 480	2 940	51 488	37 600	25 195	54 618	43 792	32 203	20 494	20 494	34 368	41 767

MBRR SA33 - Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.15 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

EC136 Emalahleni (Ec) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure		3 662	1 729	3 504	3 504	500	–	12 620
Roads Infrastructure		3 367	1 729	3 504	3 504	–	–	3 000
Roads		3 367	1 729	3 504	3 504	–	–	3 000
Storm water Infrastructure		–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–
Electrical Infrastructure		295	–	–	–	–	–	9 620
Power Plants		–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	9 620
Capital Spares		295	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	500	–	–
Landfill Sites		–	–	–	–	500	–	–
Rail Infrastructure		–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–
Community Assets		13 263	7 867	5 252	5 252	–	–	–
Community Facilities		13 263	7 867	5 252	5 252	–	–	–
Halls		–	–	–	–	–	–	–
Centres		7 920	3 032	–	–	–	–	–
Testing Stations		5 187	0	332	332	–	–	–
Cemeteries/Crematoria		–	2 262	2 320	2 320	–	–	–
Public Open Space		156	2 572	2 600	2 600	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–
Indoor Facilities		–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–
Other assets		3 637	2 000	–	–	–	400	–
Operational Buildings		3 637	2 000	–	–	–	400	–
Municipal Offices		3 637	2 000	–	–	–	–	–
Stores		–	–	–	–	–	400	–
Housing		–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–
Computer Equipment		–	–	24	24	190	350	100
Computer Equipment		–	–	24	24	190	350	100
Furniture and Office Equipment		–	716	1 113	1 113	200	210	221
Furniture and Office Equipment		–	716	1 113	1 113	200	210	221
Machinery and Equipment		48	–	–	–	110	30	30
Machinery and Equipment		48	–	–	–	110	30	30
Transport Assets		–	–	933	933	1 400	400	300
Transport Assets		–	–	933	933	1 400	400	300
Land		–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		1 049	–	31	31	–	–	–
Zoo's, Marine and Non-biological Animals		1 049	–	31	31	–	–	–
Total Capital Expenditure on new ass	1	21 658	12 311	10 856	10 856	2 400	1 390	13 271

1.16 Legislative compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and one in the Internal Audit Department,

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies
   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010.

BRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC136 Emalahleni (Ec) - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - Executive and council	Vote 2 - Corporate Services	Vote 3 - Budget and Treasury	Vote 4 - PEDTA	Vote 5 - Community Services and	Vote 6 - Infrastructure Development	Total
Revenue By Source								
Property rates		–	–	11 125	(1 958)	–	–	9 167
Service charges - electricity revenue		–	–	–	–	–	18 391	18 391
Service charges - refuse revenue		–	–	–	–	8 295	–	8 295
Rental of facilities and equipment		–	–	724	–	224	–	949
Interest earned - external investments		–	–	1 749	–	42	–	1 792
Interest earned - outstanding debtors		–	–	2 079	–	2 627	729	5 435
Fines, penalties and forfeits		–	–	–	–	202	–	202
Licences and permits		–	–	10	–	4 419	–	4 429
Agency services		–	–	–	–	1 457	–	1 457
Other revenue		–	–	1 471	4	257	116	1 849
Transfers and subsidies		7 254	–	126 564	–	950	13 981	148 749
Gains		–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contribu		7 254	–	143 722	(1 954)	18 474	33 217	200 714
Expenditure By Type								
Employee related costs		790	1 118	1 237	508	1 908	1 043	6 603
Remuneration of councillors		14 749	–	–	–	–	–	14 749
Debt impairment		–	–	4 000	–	–	–	4 000
Depreciation & asset impairment		76	294	1 276	32	981	16 724	19 384
Finance charges		–	280	–	–	–	–	280
Bulk purchases		–	–	–	–	–	14 300	14 300
Other materials		260	130	10	180	1 675	2 166	4 421
Contracted services		1 088	7 150	7 700	114	5 770	12 343	34 165
Transfers and subsidies		–	–	–	–	–	–	–
Other expenditure		3 000	5 150	3 306	352	740	1 142	13 690
Losses		–	–	–	–	–	–	–
Total Expenditure		19 963	14 122	17 529	1 186	11 074	47 718	111 592
Surplus/(Deficit)		(12 709)	(14 122)	126 193	(3 140)	7 400	(14 500)	89 121
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	–	31 653	31 653
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(12 709)	(14 122)	126 193	(3 140)	7 400	17 153	120 774

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (Ec) - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Consumer debtors											
Consumer debtors		5 683	4 014	86 686	86 147	14 873	14 873	14 873	62 773	61 081	57 128
Less: Provision for debt impairment		–	–	(71 395)	(19 851)	(3 275)	(3 275)	(3 275)	(47 240)	(40 956)	(33 840)
Total Consumer debtors	2	5 683	4 014	15 290	66 295	11 598	11 598	11 598	15 533	20 125	23 289
Debt impairment provision											
Balance at the beginning of the year		–	–	58 863	25 851	4 265	4 265	4 265	87 484	47 240	40 956
Contributions to the provision		–	–	12 520	(6 000)	(990)	(990)	(990)	2 629	1 386	730
Bad debts written off		–	–	12	–	–	–	–	(42 874)	(7 670)	(7 847)
Balance at end of year		–	–	71 395	19 851	3 275	3 275	3 275	47 240	40 956	33 840
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		412 032	426 829	714 432	714 775	659 089	659 089	659 089	782 597	825 261	877 189
Leases recognised as PPE	3	–	–	–	–	–	–	–	1 206	1 500	1 500
Less: Accumulated depreciation		–	–	277 293	229 507	211 611	211 611	211 611	338 640	366 640	398 640
Total Property, plant and equipment (PPE)	2	412 032	426 829	437 139	485 268	447 478	447 478	447 478	445 163	460 121	480 048
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		295	369	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		295	369	–	–	–	–	–	–	–	–
Trade and other payables											
Trade Payables	5	29 874	19 842	25 525	61 312	15 300	15 300	15 300	5 951	4 066	2 425
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		–	–	–	1	788	788	788	–	–	0
VAT		–	–	1 349	9 343	4 894	4 894	4 894	–	–	0
Total Trade and other payables	2	29 874	19 842	26 874	70 656	20 983	20 983	20 983	5 951	4 066	2 425
Non current liabilities - Borrowing											
Borrowing	4	–	–	–	1	1	1	1	–	–	0
Finance leases (including PPP asset element)		–	779	779	1 405	371	371	371	–	–	0
Total Non current liabilities - Borrowing		–	779	779	1 407	373	373	373	–	–	0
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	12 000	13 000	14 000
Refuse landfill site rehabilitation		–	–	12 812	12 207	15 838	15 838	15 838	1 900	1 950	2 000
Other		6 878	10 819	135	1 187	1 540	1 540	1 540	–	–	0
Total Provisions - non-current		6 878	10 819	12 947	13 394	17 378	17 378	17 378	13 900	14 950	16 000
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	408 406	408 406	527 188	527 188	527 188	428 443	447 590	482 384
GRAP adjustments		–	–	–	0	0	0	0	0	0	0
Restated balance		–	–	408 406	408 406	527 188	527 188	527 188	428 443	447 590	482 384
Surplus/(Deficit)		2 873	(5 464)	(7 360)	14 447	37 837	37 837	161 521	33 553	35 639	35 666
Transfers to/from Reserves		–	–	–	(78 863)	(101 799)	(101 799)	(101 799)	(20 426)	(8 907)	(14 234)
Depreciation offsets		–	–	–	0	0	0	0	0	0	0
Other adjustments		–	–	(440)	0	0	0	0	0	0	0
Accumulated Surplus/(Deficit)	1	2 873	(5 464)	400 606	343 991	463 225	463 225	586 909	441 570	474 322	503 816
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2 873	(5 464)	400 606	343 991	463 225	463 225	586 909	441 570	474 322	503 816

EC136 Emalahleni (Ec) - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	6									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	1 700	2 900	2 900	2 900	3 190	3 346	3 514
Refuse (removed once a week for indigent households)		-	-	(1 509)	2 000	2 000	2 000	2 200	2 308	2 423
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	191	4 900	4 900	4 900	5 390	5 654	5 937
Highest level of free service provided per household										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		-	-	2	1 050	1 780	1 780	1 958	2 054	2 156
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		-	-	2	1 050	1 780	1 780	1 958	2 054	2 156

1.16 Municipal Manager's quality certificate

I Mr V.C. Makhedama, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name MR V.C. Makedama

Municipal Manager of Emalahleni Municipality

Signature .....

Date **03 JULY 2020**